

JAN 31 1949

The Joseph Schaffner Library

# Accountancy

ESTABLISHED 1889

---

## The Society of Incorporated Accountants and Auditors

*President :* SIR FREDERICK ALBAN, C.B.E., J.P., F.S.A.A., Cardiff.

*Secretary :* A. A. GARRETT, M.B.E., M.A.

*Deputy Secretary :* I. A. F. CRAIG, O.B.E.

*Assistant Secretary :* C. A. EVAN-JONES, M.B.E.

*Offices and Library :* INCORPORATED ACCOUNTANTS' HALL, VICTORIA EMBANKMENT, LONDON, W.C.2.

Members use the designation Incorporated Accountant. Fellows may also use the initial letters F.S.A.A., and Associates A.S.A.A.

Admission to membership is by examination subject to satisfactory completion of articles of clerkship for five years (University graduates three years). Six years' approved professional experience may be accepted in lieu of five years' articles. Exemption from the Preliminary Examination is granted on production of certain educational certificates. All candidates must pass the Intermediate and Final Examinations. Articles may also be integrated with full-time study at certain universities. Under this scheme

a specific university degree and the professional qualification can be attained in a total period of 5½ years. Such graduates are exempted from the Society's Intermediate Examination.

Some concessions may be granted in respect of whole-time war service.

There are Branches of the Society in Scotland, Ireland, Canada, Australia, and South Africa, and District Societies in all parts of England and Wales, Northern Ireland, and India. Students' Societies and Students' Sections operate throughout Great Britain and Ireland.

Members of the Society are not allowed to seek professional business by advertisements or circulars.

---

JANUARY 1949



ONE SHILLING

# William the Conqueror. takes the count.



**Y**OU have to hand it to William. Without doubt, Domesday Book was a "knockout" and duly brought in the royalties, which, of course, was its main purpose. But the possibilities of error and the opportunities for chicanery it contained, doubtless caused its royal author many a headache; for in those days few could count beyond their fingers.

Between then and now many people have learned to handle figures until, too often, our counting houses have become an incubus. It is to eliminate unnecessary work and reduce accounting to reasonable proportions consistent with detailed accuracy that the Hollerith punched-card method has been developed.

William the Conqueror died 850 years too soon.  
Hollerith would have made child's play of his Survey.

## "HOLLERITH"

THE BRITISH TABULATING  
MACHINE COMPANY LIMITED  
17 Park Lane · London · W.1  
(Phone: REGent 8155)

Branches at Birmingham, Manchester, Glasgow, Leeds, Liverpool, Newcastle-on-Tyne, Sheffield, Nottingham, Bristol, Coventry, Wolverhampton and Belfast. OVERSEAS at Bombay, Calcutta, Delhi, Karachi, Rangoon, Colombo, Hong Kong, Sydney, Melbourne, Wellington, Cairo, Johannesburg, Nairobi, Bulawayo and Dublin.

L 53E

## A Selection of Law Books

SECOND IMPRESSION

NOW READY

### THE SECRETARIAL HANDBOOK

By E. WESTBY-NUNN, B.A., LL.B.

A second impression of the 5th Edition of Mr. Westby-Nunn's well-known guide to the duties and responsibilities of a Company Secretary is now available. A large first printing was exhausted within ten weeks of publication. No Company Secretary, Solicitor or Accountant can afford to be without this book. The Index enables any point to be found without delay and an Appendix of Forms is included.

Fifth Edition, September, 1948.

8s. 6d. net (postage 1s.)

### INDEX TO THE COMPANIES ACT, 1948

Including a King's Printer's copy of the Act

By CECIL W. TURNER, Barrister-at-Law

Tenth Edition, September, 1948

15s. net (postage 1s.)

### NELSON'S TABLES ON PROCEDURE

Edited by J. W. MAYO, Solicitor

Company formation : Meetings : Increase of capital :  
Reduction of capital : Winding-up : Company reconstructions :  
Receiverships : Bankruptcy : Deeds of arrangement,  
etc.

Fourth Edition, October, 1948.

7s. 6d. net (postage 6d.)

### THE 1948 TABLE A

This booklet is No. 10 in the OYEZ Practice Notes Series.

3s. 6d. net (postage 4d.)

### THE SPECIAL CONTRIBUTION OR CAPITAL LEVY

Under the Finance Act, 1948

By J. H. MUNKMAN, LL.B.

Second Impression, October, 1948.

3s. 6d. net (postage 4d.)

### A HANDBOOK ON DEATH DUTIES

By H. ARNOLD WOOLLEY, Solicitor

Sixth Edition, September, 1948.

27s. 6d. net (postage 1s.)



THE  
SOLICITORS' LAW STATIONERY  
SOCIETY, LIMITED

LONDON

BIRMINGHAM  
MANCHESTER

LIVERPOOL  
GLASGOW

Head Offices:

88-90 CHANCERY LANE, LONDON, W.C.2

# Accountancy

JANUARY 1949

## Professional Notes

- 1 "ACCOUNTANCY"
- 1 Articled Clerks and National Insurance
- 2 Transport Nationalisation—Arbitration
- 2 Stock Exchanges under the Companies Act
- 2 Tax Cases in Eire
- 2 The Accountant Emigrant to Canada
- 2 "Interim Income" of Collieries
- 3 Incorporated Accountants' Course, Cambridge
- 3 American Double Tax Relief
- 3 A Christmas Tax Concession
- 3 Purchase Tax Statistics
- 3 26,000 Special Contributors
- 3 "Accounting Research"

## Editorial

- 4 Viability?

## Leading Articles

- 5 Accounting Aspects of Landed Property—II
- 8 Companies Act, 1948: XV—The Protection of Minorities
- 10 Sale of Goods: Memorandum and Auction

## Letters to the Editor

- 9 P.A.Y.E. and Preferential Rights

## Taxation

- 12 ARTICLE: Residence as Affecting the Income Tax Liability of Limited Liability Companies
- 13 Estate Duty—Foreign Debts

- 13 Artificial Transactions
- 14 Allowances
- 14 Wife Maintained
- 14 Wife's Reduced Rate Relief
- 14 Continuing Annuities—Estate Duty
- 14 Franked Investment Income—Building Society Interest
- 14 Double Tax Agreements
- 15 RECENT TAX CASES
- 16 Actuaries and Accountants

## Finance

- 17 The Month in the City
- 18 Points from Published Accounts
- 19 Institute of Chartered Accountants in Ireland

## Publications

- 20 Book Reviews

## Society of Incorporated Accountants

- 22 Examinations
- 22 Results of Examinations
- 25 Membership
- 25 Dinner to The Rt. Hon. Sir John Anderson
- 25 "Accounting Research" Dinner
- 26 London Luncheon
- 26 Dinner at Belfast
- 27 Dinner at Newcastle
- 28 Dinner at Leeds
- 28 South African (Northern) Branch
- 28 Personal Notes
- 28 Removals
- 28 Obituary

VOL. LX. (VOL. 11 NEW SERIES) NUMBER 665

## Professional Notes

### "ACCOUNTANCY"

With this issue of ACCOUNTANCY, readers will notice some radical departures from the cover and format of the last ten years. We hope that the changes will make for easier reading and a more attractive appearance. The new type-face for the text is Baskerville, which is highly regarded by typographers as a handsome and easily legible type. We have also introduced three columns, in the place of two, in various parts of the journal. The style of the headings and sub-headings of articles now varies more than in the past. The first page, on which this note appears, is drastically changed. The cover has been completely re-designed with a coloured background. We are indebted to Mr. Edward Barr, consulting typographer, for these changes.

Unfortunately, the continued shortage of paper has made it necessary for us to choose between the three courses—refusing any further subscriptions to ACCOUNTANCY or reducing the number of pages in each issue or using thinner and lighter paper. We have been loth to restrict the subscription list to ACCOUNTANCY. Recent experience has shown that there is a real unsatisfied demand. Since the first issue of the journal under the name of ACCOUNTANCY just over ten years ago—when it replaced the old *Incorporated Accountants' Journal*, first published in 1889—the paid circulation has increased more than threefold. It has about doubled in the last three-and-a-half years. Every month there is a

considerable growth in the number of subscribers; we feel that, all the time we possibly can, we should avoid failing to meet these growing requirements, particularly since some of them come from newly-qualified members of the profession. We are anxious, too, not to cut down the number of pages in ACCOUNTANCY, for although the number is rather larger than the war-time minimum, it is still too small to provide our readers with all the articles and features which we should like to publish. We are therefore forced to the third alternative, the use of a thinner paper. Although this is not a desirable solution of the difficulty, we hope our readers will agree that we have taken the best course in the circumstances. Perhaps it may allow, in at least some of our issues in 1949, of a rather larger journal and the introduction of one or more new features. We should welcome hearing from our readers whether the new cover and format are regarded as an improvement.

### ARTICLED CLERKS AND NATIONAL INSURANCE

For purposes of the national insurance scheme—excluding the part relating to industrial injuries—articled clerks fall into two groups. The first group comprises those who receive some remuneration, the second group those who receive no remuneration. Articled clerks in the first group must pay contributions under the scheme, but those in the second group are exempt all the time they are undergoing full-time education or full-time unpaid apprenticeship. If they so desire, however, articled clerks in the second group may pay contributions as non-employed persons. If the clerk is engaged in some other gainful occupation, concurrently with his articles, any liability in respect of paid occupation will not be affected. In distinction to the position under the ordinary national insurance scheme, every articled clerk must be insured against injuries under the National Insurance (Industrial Injuries) Act, 1946. If the clerk receives remuneration, half of the contribution under this Act may be recovered by the principal from the articled clerk. If the articled clerk is not paid by the principal, there is no such right of recovery from the articled clerk.



#### TRANSPORT NATIONALISATION— ARBITRATION

The Transport Act, 1947, provides (Section 108) that no sum exceeding £20,000 is to be paid for compensation on the nationalisation of concerns engaged in road transport, except under an agreement confirmed by the Transport Arbitration Tribunal. Before it confirms an agreement the Tribunal is to be satisfied that the relevant facts have been fully investigated and the relevant provisions of the Act strictly applied. Wherever an investigation into the facts would cause undue delay or expense, the Tribunal must satisfy itself that the amount of compensation is a reasonable estimate or a reasonable compromise of a disputed claim. The Tribunal has now made a Practice Direction (No. 1). This Direction governs applications to the Tribunal for confirmation of a compensation agreement. Applications to the Tribunal under Section 108 of the Act are likely to be numerous, and transport operators and their professional advisers should note that applications should accord with the Practice Direction, which covers the procedure to be followed.

#### STOCK EXCHANGES UNDER THE COMPANIES ACT

It will be recalled that certificates of exemption may be given limiting information required under prospectuses and under the Fourth Schedule of the Companies Act, 1948, when application has been made to a prescribed Stock Exchange for permission to deal in the securities concerned. (Sections 39 and 418). Similarly, the requirements are relaxed where the prospectus applies to securities uniform with those already dealt in on a prescribed Stock Exchange (Sections 38 and 417). By an order issued by the Board of Trade (S.I. 1948, No. 2340), the prescribed Stock Exchanges under Sections 39 and 418 are the Birmingham, Edinburgh, Glasgow, Liverpool and Manchester Exchanges. Under Sections 38 and 417, the prescribed Stock Exchanges are these plus those at Bristol, Cardiff, Newcastle, and Sheffield. The London Exchange had been prescribed earlier. (S.I. No. 1592.)

#### TAX CASES IN EIRE

For some years past practising accountants and others have been at some dis-

advantage in Eire because no reports have been published of tax cases decided in that country. The Irish Branch of the Society of Incorporated Accountants, in association with the Institute of Chartered Accountants in Ireland, has been negotiating with the Incorporated Council of Law Reporting, which holds the copyright of the reports of these cases, and with the Revenue Commissioners. As a result of these negotiations it now seems probable that reports of these tax cases may be made available. It is expected that subscriptions for future reports would be approximately 5s. per annum. It may also be possible to produce a volume or volumes of reports on past cases. For these, however, no price can at present be estimated; it would be only the cost of the printing and publishing. In order that an indication may be obtained of the number of Incorporated Accountants likely to take advantage of any scheme which may be decided upon, members of the Society are asked to inform Mr. J. Love, Honorary Secretary of the Irish Branch, at 34, Dame Street, Dublin, if:

- (a) they would be willing to subscribe approximately 5s. per annum, payable in advance, for copies of all future official reports of tax cases, as and when issued; and/or
- (b) they would be prepared to purchase a copy or copies (the number to be stated), if it should prove possible to produce a volume or volumes containing all past certified judgments on tax cases, including the case stated and index thereto.

#### THE ACCOUNTANT EMIGRANT TO CANADA

Some notes by an official source from Canada may be useful to those accountants who have been considering emigration to that country. It is stressed that the utmost difficulty is met in obtaining employment before arrival in Canada. Employers attach great importance to the personal interview in addition to satisfying themselves on an applicant's experience and qualifications. So far as concerns public practice, Quebec is the only Province in Canada in which it is restricted.

In the Province of Quebec, anybody wishing to enter practice as a public accountant in future must first become qualified as a member of The Institute of Chartered Accountants of Quebec. At the present time, the various provincial Institutes of Chartered Accountants will, at the discretion of the Council of the Institute concerned, regard membership in good standing of the following bodies as providing the necessary qualification for membership:

- The Institute of Chartered Accountants in England and Wales.
- The Society of Incorporated Accountants.
- The Society of Accountants in Edinburgh.
- The Institute of Accountants and Actuaries in Glasgow.
- The Society of Accountants in Aberdeen.
- The Institute of Chartered Accountants in Ireland.

It should be kept in mind, however, that membership of the provincial Institutes is not obtained as a purely automatic right. Membership of the Dominion Association of Chartered Accountants is obtained only through complying with the requirements of one of the provincial Institutes. For emigrants to Canada who are not already members of one of the bodies set out above, it may be noted that the membership requirements of the Canadian Institutes are broadly as follows. Candidates must have passed a senior matriculation examination or one of a similar grade; must have five years of service with a practising member or firm of Canadian Chartered Accountants; must complete a prescribed course of study; must pass the three examinations, the primary, the intermediate and the final. These requirements, both of service and examinations, are modified for candidates with University degrees.

For emigrants who do not propose to enter into public practice it is stated that qualified accountants at the present time are having little difficulty in securing positions in industry. It is, however, very much more difficult for an unqualified person to obtain a post. Newcomers to Canada are not eligible to apply for Government employment, because one of the requirements of the Canadian Civil Service is five years' residence in Canada.



## "INTERIM INCOME" OF COLLIERIES

An Order (S.I. No. 2666 of 1948) issued by the Treasury under the Coal Industry Nationalisation Act fixes the interest rates payable on compensation for 1947 and 1948. For 1947 the rate is  $2\frac{1}{2}$  per cent. per annum and for 1948 3 per cent. per annum. Interest on the compensation stock ultimately payable applies only if its amount exceeds the interim income—based on one-half of pre-nationalisation earnings—otherwise payable during the two years ended on December 31, 1948. (See also page 268 of ACCOUNTANCY for December, 1948).

## INCORPORATED ACCOUNTANTS' COURSE, CAMBRIDGE

The Society of Incorporated Accountants will hold a short course for members at Gonville and Caius College, Cambridge (by kind permission of the Master and Fellows) from April 1 to 5, 1949. The arrangements will be on similar lines to those of previous courses. The syllabus has not yet been settled in detail, but papers will be delivered on subjects relating to the Companies Act, taxation, and accounting in industry. It is intended that the Course shall relate to practical problems affecting both the practising accountant and the member in industry. Full particulars will be sent shortly to all members of the Society.

## AMERICAN DOUBLE TAX RELIEF

It has been announced that the Government is to approach the American Government for an extension of the Anglo-American Double Taxation Relief Convention to certain colonial governments which have expressed their desire to be included in the arrangements. As the consent of the American Government must be obtained, it is not possible to say if and when the extension will come into force.

## A CHRISTMAS TAX CONCESSION

Strictly, Christmas bonuses paid to employees are liable to income tax whether payment is made in cash or in something that can be turned into cash, for example, savings certificates. However, in recent years a special concession has been made for cases where an em-

ployer who had been in the habit of making Christmas gifts in kind to subordinate employees decided to substitute gifts of equivalent value in the form of savings certificates, savings stamps, National Savings gift tokens or direct credits to savings bank accounts of the employees. The value of these substituted gifts was not treated as income of the recipients for tax purposes, and this concession has been continued for 1948.

## PURCHASE TAX STATISTICS

The purchase tax yielded £246.2 million in the financial year 1947-48, compared with £180.9 million in 1946-47. Part of this increase resulted from higher rates of tax, but the larger part reflected a growth in trade. The total trade in chargeable goods in 1947-48 was estimated at £710 million (at wholesale values), compared with £567 million in the previous year. These figures, and those that follow, are taken from the recently published *Report of the Commissioners of Customs and Excise* for the year ended March 31, 1948 (Command 7547, His Majesty's Stationery Office, price 3s. net).

Financial Year	Approximate Number of Traders Registered at March 31	Net Receipts from Purchase Tax (£ million)
1940-41 ..	(a) 39,100	(b) 26.2
1941-42 ..	44,400	(c) 98.5
1942-43 ..	44,700	110.5
1943-44 ..	44,600	91.7
1944-45 ..	45,800	98.4
1945-46 ..	53,400	118.1
1946-47 ..	63,500	180.9
1947-48 ..	69,000	246.2

(a) At February 28, 1941; (b) from October 21, 1940; (c) not comparable with figures for subsequent years.

The large increases in the number of registered traders since 1940 and since 1945 are noteworthy.

## 26,000 SPECIAL CONTRIBUTORS

The Chancellor of the Exchequer announced in the House of Commons last month that about 26,000 notices of assessment to the special contribution had been issued. It was estimated that about 125,000 persons were liable to the contribution. He reminded a questioner that interest at 2 per cent. per annum from January 1, 1949, to the date of payment of the contribution

was chargeable, whether the contribution was assessed by January 1 or not. Any contributor could have paid in advance on his estimated liability and by so doing would have saved interest; payments made before January 1 had carried discount at 2 per cent. per annum.

## "ACCOUNTING RESEARCH"

At the dinner inaugurating the new publication *Accounting Research* (see page 25 of this issue) Sir Frederick Alban, C.B.E., J.P., F.S.A.A., in his speech welcoming the guests, said that up to fairly recent times accounting was essentially a matter of stewardship. It had been a matter of duly accounting for revenues and expenditures; an analysis of past events. It had refused to look at anything but the hard inescapable facts of particular businesses; it had forgone prophesy; unbiblically, it had believed only in works, and had no place for faith! A challenge had in the past few years been issued to the accountancy profession. The economist, supported by a growing body of accounting opinion, was contending that conventional accounting based upon historical costs failed to represent the economic profit or loss; that when costs, incurred at various price levels, were brought together as though they were homogeneous units the results were deceptive. Indeed, it was asserted that accounting must make up its mind in the near future whether it was primarily concerned with historical monetary arithmetic or with constructive business economics.

This question, continued Sir Frederick, was a good example of the kind of problems with which researchers in the accounting profession—in conjunction with other workers—were coping. *Accounting Research*, a journal sponsored by the Incorporated Accountants' Research Committee, the first issue of which they were celebrating at the dinner, was to be devoted to work of this kind—work on advanced aspects of accounting and of subjects intimately associated with it. *Accounting Research* was intended to meet the need for a medium in which there could be adequate publication of new ideas and methods at a higher level than was generally possible in the usual periodicals circulating within the profession.

# ACCOUNTANCY

FORMERLY THE INCORPORATED ACCOUNTANTS' JOURNAL

ESTABLISHED 1889

*The Annual Subscription to ACCOUNTANCY is 12s. 6d., which includes postage to all parts of the world. The price of a single copy is 1s. od., postage extra. All communications to be addressed to the Editor, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2.*

## Viability?

A FORMIDABLE WHITE PAPER ISSUED just before Christmas sets out the "Four-and-a-half-Year Plan" for British economic recovery.\* Its general conclusion is that the country will have reached a precarious economic balance with the outside world by mid-1953 and will then be able to dispense with dollar aid. We shall have achieved what the official draftsman calls "viability." This result will have entailed heroic efforts and billions of dollar grants and loans. What does this hard-won result imply? What does it mean when we are told that the country will be economically "viable" by the middle of 1953?

Officially, it means that we shall have turned an adverse balance of payments on current account amounting to £635 million in the year 1947 into a favourable balance of some £100 million in the twelve months from mid-1952 to mid-1953. We shall thus no longer require unearned dollars from the United States. We shall have raised consumption per head above the 1947 standards and, in some respects, above pre-war standards. Manufactured goods for the British market will be 15 per cent. to 20 per cent. above the 1947 level, with supplies of clothing and household goods slightly better than pre-war. There will be "notable increases" above the 1947 amounts of meat, eggs, oils and fats per person. The consumption of food as a whole "will approach the pre-war volume." Some £2,100 million, or about 20 per cent. of the national income, will have been used every year in providing capital goods, but only one-third of

these will be used in the equipment of industry. Industry as a whole will be producing some 40 per cent. more than in 1938. Certain industries—particularly agriculture, coal, oil, iron and steel, engineering, chemicals and textiles—will have contributed the predominant part of this expansion. Colonial development will have advanced rapidly and will be yielding results mainly in the form of groundnuts, sugar, rubber and metals.

It is clear that, even if completely realised, the "Plan" will produce no spectacular improvements in living standards and will go only a small way towards restoring the pre-eminence of British industry. "Viability" must be understood, that is, as implying survival and not much more. Indeed, it seems to be a polite term for acceptance of a place in the second rank of economic Powers. The main difference between the Britain of 1948 and the Britain of 1953 will be that between the poor relation who lives on charity and the one who proudly ekes out a bare subsistence by his own labours. We may have recovered our dignity by the middle of 1953, but that is about as far as recovery will go, measured in living standards.

Yet the main impression gained from a Yule-tide reading of Command 7572 is that even these very limited results of four-and-a-half-years' efforts may not be attained. The magnitude of the tasks set is great indeed. The postulated increase of 40 per cent. in manufacturing output above 1938 involves an expansion of a quarter in the five years from 1947.

The lack of realism shown in previous official estimates is evident elsewhere in the present forecasts. This is particularly so in the output

figures for coal. It is assumed that by 1953 there will be an increase of some 40 million metric tons in the annual output of deep-mined coal, an annual increase of about 5 per cent. in output per man-year. The White Paper admits that this is "a rate substantially higher than has ever been sustained for a long period by any large section of industry. . . . It means nearly doubling the rate of expansion thought possible for other industries."

The "Plan" entails a vast increase in British agricultural output: its net value in 1952 is set at 50 per cent. above pre-war and 15 per cent. above the war-time peak of 1943-44. To perform this new Agrarian Revolution in Britain, some £450 million is to be spent on fixed assets in agriculture up to the end of 1952. Of this amount, a half will go on machinery. The death-blow has been administered to the economist's law of comparative costs. It is now part of the country's policy to grow a larger and larger part of its foodstuffs and raw materials at home, instead of obtaining them from overseas by exchange against manufactures. At what real cost do we indulge in this agrarian policy? Are we meeting this cost in order to give some greater semblance of security in an insecure world? Or is it really thought that by 1953 British agriculture can stand on a competitive footing with overseas producers of foodstuffs and raw materials? If that is the underlying thought, surely this historical reversal of Britain's traditional policy—or, rather, this final step in a reversing movement which has been in progress since 1932—is based upon a huge and pathetic delusion?

The conclusion of the White Paper on the question of the amount of dollar aid necessary in 1949-50 is that the figure is \$940 million, a drop of 25 per cent. on the \$1,263 million obtained in 1948-49. The outside commentator is necessarily not aware whether the reduction of one-quarter is regarded as essential to ensure approval of the renewal of the Economic Recovery Programme, under which dollar aid is administered, after mid-1949. But the participating countries as a whole have reduced their requirements next year by only ten per cent. and the reduction in the British figure seems quite disproportionate.

\* European Co-operation—Memoranda submitted to the Organisation for European Economic Co-operation. (Command 7572, His Majesty's Stationery Office. Price 1s. 3d. net.)



# Accounting Aspects of Landed Property—II

*In the first part of this article, which appeared in our issue of December, 1948, our contributor, after analysing the provisions of the Town and Country Planning Act, 1947, and examining the effects upon the values of land and buildings, examined the treatment of the changed values in accounts. He then discussed the position of trustees and others who have invested in landed property. In this concluding article he reviews the situation in regard to compensation and taxation.*

THE CENTRAL FUND OF £300 MILLION AUTHORISED BY Section 58 (2) of the Town and Country Planning Act might not fully compensate landowners for the loss of development values. Indeed, the fund is not intended for that purpose but is to meet claims in various degrees of priority where the landowner suffers hardship, as distinct from the mere depreciation of his land, due to the end of development values. The Government take the view that an owner who loses development value as a result of the Act is not, on that account alone, entitled to compensation. If he cannot make out a case of hardship, his chances of receiving anything more than a negligible sum from the Central Fund are remote. It must be borne clearly in mind that the prior claims have to be met before the vast majority of claimants can take a share in the global sum.

It is unfortunate that the position cannot be stated more clearly. While every property owner should obviously have professional advice on whether a claim for compensation holds in his particular case, there are likely to be many instances where a detailed investigation proves to be fruitless. In these cases the owner may have to pay surveyors' and other professional fees that cannot be recovered from the Central Land Board since these expenses are only recoverable when a claim is substantiated. For this reason, many land owners are completing the first part of the claim Form S.1—which requires information to be given to enable the land to be identified and to establish the claimant's title—and leaving blank the optional part—which requires estimates of the restricted and unrestricted values—for it to be completed by the Central Land Board. Thus without having engaged professional valuers, they establish their claim. These claimants will not, of course, be in a position to compare the sum awarded with an independent estimate of the lost development values. Furthermore, if an expert valuer is engaged at a date later than October 31, 1949, to check the Board's figures, no contribution towards his fees will be made by the Board.

What are the priority classes who are entitled to preferential treatment on grounds of "hardship"? They include (i) registered builders, whose land may be regarded as part of their trading stock; and (ii) single-plot owners. As the claims for compensation differ in these two cases, and no reference is made to them in the Act, it is proposed to consider the two separately.

## Registered Builders

Builders form one of the priority groups. Land and buildings are their stock-in-trade, and to confiscate the very essence of their business by removing development rights without compensation would cause hardship of the first degree. Thus, registered builders have a claim on the

Central Fund in respect of land that is either "dead ripe" or "near ripe" for development. The Central Land Board has undertaken to compensate them in full for the difference between "existing use" value and development value. As regards near ripe land, this promise has no legal sanction as yet, but it is understood that when the Treasury announce their scheme for administering the global fund, builders will receive priority treatment. It seems, however, that even this priority will have its limitations.

The term "near ripe," as applied to builders' land, has a special significance. Each builder will be allowed a ration of near ripe land, in respect of which he can expect to receive full compensation. There are various ways of calculating the ration, dependent on the time the builder has been in business. The standard method of arriving at the maximum area of near ripe land is to regard it as equivalent to the area developed by a builder by the erection of buildings of any kind (e.g., houses, flats, shops, factories) on his own land during the five years ended December 31, 1938. This area forms his quota and sets the limit up to which he can claim priority.

Registered builders have thus three classes of land to consider:

- (1) Dead ripe land, in respect of which Section 80 of the Act grants complete relief from the payment of a development charge.
- (2) Near ripe land, in respect of which the Central Land Board is prepared to suspend the payment of a development charge until it can be set off against a payment from the Central Fund.
- (3) Other land, which will include the balance over and above the ration of near ripe land, and any other land that is subject to a claim in the ordinary way.

## Single Plot Owners

Private owners who have acquired land for the purpose of building themselves houses in which to live create another class whose claims to "hardship" are unchallenged. Many of them bought plots at "building site" prices shortly after the war. They could not at the time obtain permission to build, and were in possession of vacant and undeveloped land when the Town and Country Planning Act came into force.

By virtue of the Act, all the building value of the land had gone on July 1, 1948. What was worse, the grant of permission to build a house on the plot for the owner's own occupation attracted a development charge. Many people found that they could neither recoup their original capital outlay by selling the land—because on July 1 the bottom had been knocked out of their market—nor afford to erect a dwelling house that would cost at least twice their



original estimate. It looked as if the Act had bankrupted them.

Fortunately, the Central Land Board realised the financial plight of these plot owners. An arrangement was made with the Minister of Town and Country Planning which, while not restoring the building value to these plots, gave the owners a preferential claim to a payment from the £300 million fund, the claim being equal to the development value in the land for the erection of a house.

The intention is, in the words of the Board, "that the payment from the fund will broadly cover the development charge." There are, however, two provisos: (1) a claim for a payment from the Central Fund must be lodged, as in ordinary cases, by June 30, 1949 (extended a few days ago from March 31, 1949, the original date); (2) a private owner must start to build a house on his plot for his own occupation before January 7, 1952.

The concession certainly overcomes what would have been an outstanding hardship. Whether in existing conditions all single-plot owners will be able to start building their houses in the next three years is conjectural.

The way in which the Central Fund is likely to be administered under a Treasury Scheme has had to be examined, because claimants who may obtain full compensation have to be distinguished from the "rank and file" whose share in the fund is unknown.

We must now consider an even more uncertain aspect, namely, the effect on taxation, including income tax, sur-tax and death duties, of claims on the Central Fund and of development charges.

The Act is silent on taxation, although income-tax relief on development charges has recently been considered by the Treasury. We will therefore consider them first:

### Development Charges and Income Tax

It will be recalled that the Income Tax Act, 1945, introduced a new method of income-tax relief on industrial buildings. The general principle was that relief from income tax was granted over fifty years for capital expenditure on the construction of industrial buildings or structures. There was an initial allowance of 10 per cent. of the cost, with an annual allowance of 2 per cent. thereafter. In arriving at the cost to be subject to these allowances, the trader or his landlord was allowed to take into account all capital expenditure incurred on the construction, reconstruction or alteration of buildings, or on additions to them. In other words, the type of expenditure ranking for the annual income-tax relief was similar to that which requires planning permission under the Town and Country Planning Act.

It seemed therefore that where the planning permission attracted a development charge, the amount levied should be added to the capital expenditure for relief under the Income Tax Act, 1945. When doubt was raised about this, a Clause was moved during the report stage of the Finance Act, 1948, to establish that a development charge was part of the cost of an industrial building. However, the Solicitor-General would not support the new Clause and dealt at length with the reasons. In the course of the debates he said:

In its nature, is the development charge part of the cost of the land or part of the cost of the buildings? If it is part of the cost of the land, unless one throws overboard the policy on which the Income Tax Act, 1945, was based, this new clause cannot be accepted. I submit there can be no question when one looks at the nature of the development charge that it is only part of the cost of acquiring the land.

There the question has remained, and although industrialists carrying out improvements will be called on to meet development charges, the expenditure will be inadmissible for either an initial or an annual allowance under the Income Tax Act, 1945.

The Government's decision surely calls for early review. To say that the development charge is part of the cost of acquiring the land when the industrialist already owns the land and may be merely altering or reconstructing a building upon it (or even altering the use of an existing building) seems untenable.

### Development Charges and Sur-tax

It seems probable that the payment of a development charge by a private company that is "controlled" within the meaning of Section 21, Finance Act, 1922, may in some circumstances give relief from sur-tax. If a company under the control of not more than five persons does not distribute a reasonable part of its actual income, the surplus available for distribution is assessable to sur-tax.

In considering whether or not a company has unreasonably withheld its profits, the Special Commissioners have regard not only to the current requirements of the company, but also to its future requirements. This involves taking into account not only commitments of a revenue nature, but provisions for expenditure on the expansion or development of the company's business.

In deciding upon the amount to place to reserve, the directors of a company that proposes to expand must now include not only the capital expenditure on new buildings, but the amount of development charge which the new work will attract. May not this future outlay form a good defence against an attack by the Special Commissioners on the question of undistributed profits? The directors would be unwise to distribute profits if they knew that in the following year the company would be called upon to meet a development charge that would more than absorb the surplus available for distribution. Clearly, each case must be considered on its merits, but it is conceivable that there will be many instances where, although not admissible for income tax, a development charge is recognised as a proper charge for the purpose of determining distributable profits.

### Automatic Direction to Sur-tax

Quite apart from the question of distributable profits, attention must be given to the automatic assessment to sur-tax of investment income received by private companies designated as "controlled" under the sur-tax legislation of 1922. Section 14 of the Finance Act, 1939, distinguishes the investment income of such companies from the "estate or trading" income, and automatically deems it to be the income of the shareholders.

The Town and Country Planning Act, 1947, will be responsible for introducing investment income into the

revenue of a number of private companies, some of which, because of the automatic sur-tax charging provisions, may have deliberately avoided this form of income in the past. According to Section 65 (3) of the Act:

Interest on the amount of any payment falling to be made in accordance with a scheme made under this Part of this Act shall accrue, at such rate as may from time to time be determined by the Treasury, from the appointed day until the payment is satisfied in accordance with the provisions of this section, and shall be paid in cash by the Central Land Board at the time when the payment is so satisfied.

A similar situation arose under the Coal Act, 1938, when compensation monies for the State's acquisition of coal bore interest between the vesting date and the issue of compensation stock. At that time, representations were unsuccessfully made that the enforced change from "estate" income to "investment" income should not attract an automatic direction to sur-tax. Presumably, the Inland Revenue's attitude will be the same in the case of interest on the Government stock that is to be issued in exchange (or, more correctly, part exchange) for development values. Shareholders of these privately controlled companies may find that their returns of total income are adjusted by the addition of the interest which is deemed to be theirs, although in fact it is received by the company in which they hold shares.

#### Builders' Accounts

Reference was made earlier to the refusal by the Solicitor-General to accept development charges as an addition to building costs for the purpose of computing tax allowances. Although the question was not debated at the time, it seems unlikely that the payment of a development charge will be admitted as expenditure "wholly and exclusively" laid out for the purpose of a business assessed to income tax under Schedule D.

The development charge is held to be attributable to an increase in the value of the land, and is therefore capital expenditure. Similarly, the compensation receivable from the Central Fund will be regarded as a capital receipt and not liable to tax.

There will most likely be two notable exceptions to this principle. The first relates to the accounts of those taxpayers whose land is their stock-in-trade. Builders who apply to have their land classified as near ripe would normally come into this category. Indeed, any developer who deals in land in such a way that his profits attract income tax ought surely to be allowed to treat a development charge as an expense.

Whether the compensation monies ought to be brought into account as income is a different question. Building land that forms part of trading stock is reduced in value by the removal of development rights, and the compensation does no more than restore in whole or in part the lost value. There are thus good grounds for claiming that although a development charge constitutes admissible expenditure of a speculative builder (because it adds to the cost of the product he is selling), the satisfaction of a claim for loss of development rights does not lose its capital nature as compensation, and should be excluded from assessment to tax.

#### Rule 19: "Annual Payments"

The second exception to the rule that a development charge represents capital expenditure will depend on the manner in which the charge is paid. Section 71 of the Town and Country Planning Act provides that the amount of a development charge

may be determined either as a single capital payment or as a series of instalments of capital, or of capital and interest combined or as a series of other annual or periodical payments, of such amounts, and payable at such times as the Central Land Board may determine after taking into account any representations made by the applicant. (*Our italics*)

In what circumstances the Board will agree to accept a series of annual payments as distinct from a series of instalments of capital is not clear. To the extent that a developer made the annual payments out of taxed funds he would be entitled by Rule 19 of the General Rules of the Income Tax Act, 1918, to deduct income tax at source. If he were a sur-tax payer, he could deduct the gross payments in his sur-tax return.

It seems unlikely that the Central Land Board will be so generous in their determination under Section 71 as to invite such a welcome tax relief in anything but exceptional cases.

#### Death Duties

The transfer of development values to the State will have the effect of reducing the value of land on which death duties are assessable. It has been suggested that where the land in question is agricultural, the compensation stock issued out of the Central Fund will attract a higher rate of duty than the unrestricted value of the agricultural land would have attracted.

That does not seem to be so. It is true that agricultural land is assessed to Estate Duty by reference to the lower rates of duty authorised by the Finance Act, 1919. These rates are approximately half those of the present principal rates of duty which would attach to any of the compensation stock passing on a death. But, even before the Town and Country Planning Act stressed the difference between existing use value and development (or "building") value, it was the practice of the Inland Revenue to make that distinction for purposes of death duties.

When agricultural land was valued for probate, if the full market value of the property exceeded the purely agricultural value, duty was payable at the ordinary rates on the excess of the principal value. That being so, the diminution in value of land by reason of the Town and Country Planning Act can hardly be said to increase liability to death duties; indeed, in cases where the loss of development values has not fully been made good, it may reduce liability.

#### Assignment of Compensation

This brief review of the provisions of the Town and Country Planning Act would be incomplete without reference to a controversy that has been waging between the Central Land Board and dealers in land. The trouble may be said to originate from Section 64 (2) of the Act which reads:



The right to receive a payment under any scheme made under this Part of the Act . . . shall be transmissible by assignment or by operation of law as personal property.

Vendors of land have been adopting the practice of assigning their claims to the purchasers, who thereby hope to recoup the amount of any development charge when the claims are paid. Having acquired a right to a claim on the Central Fund, some buyers think it worth while to purchase land at a price above the existing use value. This has caused the chairman of the Central Land Board to issue a severe warning to sellers and buyers of land. He regards it as objectionable that land should be dealt in at prices above the artificially "pegged" prices created by the Act.

In some cases owners are being asked to give an undertaking that land offered for sale will be sold at its existing use value. If the undertaking is not given, the Board

threaten to exercise their powers under Section 43 of the Act to acquire the land compulsorily, and presumably to resell it to the purchaser at the stabilised price.

In view of this strict attitude of the Board, it is to be regretted that the Act itself did not make transactions above existing use value illegal. There is nothing in the Act to prevent sales of land taking place in a free market and, of course, Section 64 (2) gives statutory authority to the assignment of claims to compensation. Is the Central Land Board justified in its intervention? If the legislature had intended deals at other than the restricted prices to be so reprehensible, they should have prevented such transactions by statute, and should not have left it to administrators of the Board to form their own opinion on what sales are fair or unfair to prospective developers.

(Concluded)

## Companies Act, 1948—XV

### THE PROTECTION OF MINORITIES

*This article is the fifteenth in a series on the new company law. The first, a general article on the Companies Act, 1947, appeared in our issue of September, 1947, and subsequent articles have dealt with the following special aspects:*

- II. *Company Balance Sheet and Profit and Loss Account, etc., by F. Sewell Bray, F.C.A., F.S.A.A., and H. Basil Sheasby, F.C.A., F.S.A.A. (October, 1947).*
- III. *The Exempt Private Company, by E. Westby-Nunn, B.A., LL.B., Barrister-at-Law (December).*
- IV. *Disclosure of Payments to Directors, by J. H. M. Clark, A.C.A. (January).*
- V. *Meetings, by E. Westby-Nunn, B.A., LL.B., Barrister-at-Law (February).*
- VI. *Prospectuses, by E. Westby-Nunn, B.A., LL.B., Barrister-at-Law (March).*
- VII. *Auditors, by W. J. Back, F.S.A.A. (April).*
- VIII. *Articles of Association and Annual Returns, by E. Westby-Nunn, B.A., LL.B., Barrister-at-Law (May).*
- IX. *Bookkeeping and Accounts, by W. J. Back, F.S.A.A. (June).*
- X. *Points to Note (July).*
- XI. *Accounts of Holding and Subsidiary Companies, by J. D. R. Jones, F.S.A.A. (August).*
- XII. *Receivers and Managers, by E. Westby-Nunn, B.A., LL.B., Barrister-at-Law (September).*
- XIII. *Transfer and Transmission, by F. D. Head, B.A., Barrister-at-Law (October).*
- XIV. *The Winding-up of Companies, by E. Westby-Nunn, B.A., LL.B., Barrister-at-Law (December).*

By E. WESTBY-NUNN, B.A., LL.B., Barrister-at-Law

IT IS ALWAYS NECESSARY TO REMEMBER that, though a company is essentially a democratic institution, in which a minority of the members are subject to the will of the majority, the rights of members depend to a very great extent on the basic contract which is embodied in the Memorandum and Articles. At one time the rights of members were wholly contractual; but since the first of the Companies Acts was passed there has been a consistent tendency for legislation to limit more and more the

freedom of the parties to this particular type of contract: to invest the members of companies with statutory rights which cannot be taken away from them by the Memorandum or Articles.

This tendency has been necessary because of the constantly enlarging class of investors who are persuaded to take the shares in companies. When this class was comparatively small, consisting only of more or less hard-headed business men, most of the people, who became members of companies, knew

what they were about. They were able to study a company's Memorandum and Articles with experienced eyes; to detect the "snags"; and estimate shrewdly what their position was likely to be in the future; but as more and more investors, who had not this ability, began to take up shares, it became increasingly necessary to protect them from the consequences of their own ignorance and inexperience.

Were it not for the legislation on the subject, an ignorant minority of the members of a company could very easily be put in a most disadvantageous position by the majority, if not actually defrauded. For instance, suppose a company was formed with a share capital of £50,000 divided into (i) 20,000 5 per cent. preference shares of £1 each, and (ii) 30,000 ordinary shares of £1 each, and that the Memorandum and Articles contained no clauses safeguarding the contractual rights of a minority. Suppose also that the whole of the ordinary shares and 10 per cent. of the preference shares were held by three persons: the rest of the preference shares being held by twenty other persons. Were it not for the legislation on the subject, there would be nothing to prevent the three members, who hold the majority of the shares, altering the Memorandum or Articles so as to reduce the preference dividend from 5 to 1 per cent., thus increasing the profit available for themselves as holders of the ordinary shares.

In order to safeguard a minority of the members against this type of semi-fraud two devices have for some time been employed by the draftsmen of Memoranda and Articles. One is to



incorporate the rights of preference shareholders to dividend, etc., in the Memorandum, which is more difficult to alter than the Articles; and the other is to include in the Memorandum and/or Articles a clause similar to Clause 3 in the 1929 Table A, which required, for the alteration of the rights attaching to a class of shareholders, the consent of a certain percentage of that class.

Before 1929 these devices were fairly successful; but it was felt that they did not give adequate protection to minorities, and Section 61 of the 1929 Act was consequently introduced. A minority, which wished to apply to the Court for protection under this section, had, however, to make the application within seven days after the necessary consents had been obtained, and this period was found to be too short. It has been extended by Section 72 of the Companies Act, 1948, to 21 days.

In this connection it should be noted that Section 23 of the Companies Act, 1948, which provides for the alteration by special resolution of any condition contained in the Memorandum, which could lawfully have been contained in the Articles instead of in the Memorandum, does not authorise any variation or abrogation of the special rights of any class of members. In other words, where class rights are given by the Memorandum instead of by the Articles, such rights cannot be altered except (i) in the manner (if any) prescribed by the Memorandum, or (ii) by making use of the procedure provided by Section 206 of the 1948 Act.

An additional safeguard for minorities is now provided by Section 210 of the 1948 Act. This provides that any member of a company, who complains that the affairs of the company are being conducted in a manner oppressive to some part of the members (including himself), may petition the Court, which, if it is of the opinion that to wind up the company would unfairly prejudice the minority, but that otherwise the facts would justify the making of a winding-up order on the ground that it was just and equitable, may, with a view to bringing an end to the matters complained of, make such orders as it thinks fit, whether for regulating the company's affairs in future, or for the purchase of the shares of any members of the company by other members or by the company. These

last three words are significant, for they provide a possible exception to the fundamental rule that a company may not purchase its own shares. The section makes it clear that, if such a purchase by the company is permitted, the Court may make an order for the reduction of the share capital, or otherwise. The last two words suggest that a reduction of capital will not be the inevitable result of such a purchase.

The section goes on to provide that, where an order of the Court made under the section makes an alteration in or addition to the Memorandum or Articles, then, subject to the provisions of the order, the company shall not have power without leave of the Court to make any further alterations in or addition to these documents inconsistent with the provisions of the order.

Finally, Section 165 of the Companies Act, 1948, empowers the Board of Trade to appoint inspectors to investigate a company's affairs if it appears that its business is being conducted *inter alia* in a manner oppressive to any part of its members, and if, as a result of the report of the inspectors, the Board of Trade thinks it is just and equitable that the company should be wound up, the Court may make an order under Section 210 of the Act instead of a winding-up order.

#### COMPANY DIVIDENDS

In reply to a question in the House of Commons, the Chancellor of the Exchequer said that of the industrial companies reporting from April 1 to November 30, 1948, 81 per cent. in terms of the number of companies and 93 per cent. in terms of the issued capital involved did not increase their dividends. Some of the remainder no doubt had justification for the increases in dividends.

#### INCORPORATED ACCOUNTANTS —EXAMINATION SYLLABUS

The syllabus of examinations of the Society of Incorporated Accountants has been published in a revised form in a booklet of 28 pages. General notes on the accountancy profession are included under the sub-heads "Qualities required for an Accountancy Career" and "Scope of the Profession." The various methods of qualifying as an Incorporated Accountant are explained, and information is given about the cost. A list of text-books is included for the guidance of candidates.

## Letters to the Editor

### P.A.Y.E. and Preferential Rights

DEAR SIR,—I am writing to make some comments on the note styled "P.A.Y.E. and Preferential Rights" in the December issue.

As I understand this, Counsel's Opinion may be taken as over-riding the Receiver's view, and so S.R. & O., 1944, No. 251 is a valid and operative regulation. This was in force when the 1929 Companies Act was in being, and that Act in itself contained no provision for P.A.Y.E. tax to be preferential.

There seems to me to be no difference now, for S.R. & O., 1944, No. 251 has not, so far as I am aware, been revoked, and must, therefore, remain effective. The new Act, being a consolidating one should, of course, have dealt with the point, but the failure to do so, in my judgment, has no cancelling effect on the validity of the Statutory Rule and Order named.

Yours faithfully,

ARTHUR T. EAVES.

December 16, 1948.

Manchester.

DEAR SIR,—Thank you for your editorial note headed "P.A.Y.E. and Preferential Rights."

I have sought the assistance of the Commissioners of Inland Revenue as to the effect of the absence of specific mention of P.A.Y.E. from the preferential payments clause of the Companies Act, 1948. They have referred me to Section 459, sub-section 9 (c), of the Act and to the provision at the end of sub-section 9.

Section 459 is sub-titled "Repeal and Savings" and is apparently designed to give legal effect to any enactment, the mention of which was otherwise overlooked.

This method of legislating savours of bringing from under the counter that which ought to be in the shop window, and it makes more burdensome the maxim "*Ignorantia legis neminem excusat.*"

Yours faithfully,

D. MAHONY.

December 20, 1948.

London.

# Sale of Goods: *Memorandum and Auction*

[CONTRIBUTED]

Two cases have been decided lately on important matters relating to the sale of goods. The first was *Walford v. Narin* (1948, L.J.R. 1550) and the second *Dennant v. Skinner, ex parte Collom* (1948, L.J.R. 1576). Our contributor reviews and interprets these cases.

AS IS WELL KNOWN, IN THE CASE OF A SALE OF GOODS OF THE value of £10 or upwards there must be, under Section 4 of the Sale of Goods Act, 1893, either acceptance and receipt of the goods by the buyer or something in earnest given to bind the contract or in part payment, or there must be some note or memorandum in writing signed by the party to be charged or his agent in that behalf. If none of these conditions is satisfied, the contract will be unenforceable by action. Moreover, the provisions apply to every contract of sale of goods notwithstanding that the delivery is intended to be at some future time or that the goods may not, at the time of the contract, be actually made, procured or provided, or fit or ready for delivery or some act may be requisite for the making or completion of the goods or rendering them fit for delivery.

Where there has been neither acceptance and receipt nor something given in earnest or part payment, a party seeking to enforce the contract must be able to produce in evidence the duly signed note or memorandum. It is not essential that the note or memorandum should be made at the time the agreement is entered into, for the Act does not require the contract to be in writing but only provides that it may be evidenced by writing. Where a note or memorandum is relied upon the parties must be named, all the terms of the contract must be stated, as must generally the consideration, the note must be "signed"—that is, the name must appear in such a way as to show that it is intended as a signature—and if the note or memorandum consists of more than one document they must be connected on the face of them: parol evidence will not be admitted to connect two apparently unconnected documents (*Boydell v. Drummond*).

The facts in *Walford v. Narin* were that the plaintiff had some furniture for sale which the defendant went to see. It was orally agreed that the defendant would pay £150 for it but the plaintiff was to send the furniture or some of it to a factory so that a table might be sprayed and when that had been done the furniture was to be delivered by the plaintiff to the defendant. After the oral agreement had been reached the plaintiff deleted the address on a piece of his notepaper and wrote upon it the date, the address of the defendant and the following words: "I agree to buy the following second-hand furniture and will forward a cheque for £150 in payment for same within three days." The articles were enumerated and the document was signed by the defendant. The defendant repudiated the contract the next morning and both parties put the matter into the hands of solicitors. The solicitors to

the plaintiff first wrote to say that the plaintiff relied on the memorandum and that a writ would be issued if payment was not made within three days. To this, the solicitors to the defendant wrote asking for a copy of the memorandum because their client had no copy.

The two points which arise are, first, that the "memorandum" did not contain the names of the parties and, secondly, that it did not contain all the terms of the contract. On both grounds, if the document signed by the defendant had stood alone, it would have failed to comply with the now well understood legal position, as developed by case law, of the requirements which a memorandum must fulfil. But in this case the document did not stand alone. Although the document signed by the defendant did not contain the name of the plaintiff, the letter addressed by the solicitors to the defendant did do so and that letter was another document on its face connected with the first, for there was the explicit reference to the memorandum and the solicitor's letter was of course signed by them as agent for their client. Hence the first objection that the memorandum was incomplete, because it did not name the parties, fell to the ground. There remained, however, the second objection: that the memorandum did not contain all the terms of the contract.

At this point it is important to remember that the contract of sale of goods is one which may consist both of express terms and of terms which will be implied by the Sale of Goods Act, 1893. Delivery of the goods is the duty of the seller while acceptance and payment is the duty of the buyer, in both cases in accordance with the terms of the contract of sale. If the parties come to no express or implied agreement as to the place of delivery, it is the seller's place of business if he have one and if not his residence. Now if the parties had come to no arrangement as to delivery there would presumably have been no necessity to make any reference to delivery in the memorandum. No doubt the entire contract, reading into it the Sale of Goods Act, 1893, includes a rule as to delivery, but all the rules and implied conditions and warranties set out in that Act do not need to be written into the memorandum. In this case, however, it was orally agreed that the plaintiff would send the goods to the defendant: that was an express term not in the memorandum. Accordingly, the memorandum did not satisfy the requirements of a memorandum under Section 4 of the Sale of Goods Act, 1893, and the contract was unenforceable. As Morris, J., said:

... it seems to me that, as the parties came to an arrangement in regard to delivery which altered what would otherwise have



been the legal position, that term should have been in the note or memorandum in writing. I therefore feel compelled to hold that there is no sufficient note or memorandum in writing of the contract and that the plaintiff's claim fails.

The second case is interesting from several points of view. At an auction sale one George Albert King had in all six lots knocked down to him, five of them being cars and one a lorry. When the auctioneer asked his name after the fall of the hammer, he gave it as King and represented that he was the son of the proprietor of a highly reputable firm known as King's Motors of Oxford. This statement was untrue, but such was the repute of the firm he had named that after the sale the auctioneer took his cheque and allowed him to take away the vehicles. It appears that some fraudulent evidence was produced to give colour to the representation that King was the son of the proprietor of King's of Oxford, but he was nevertheless required to sign a form agreeing that the ownership of the vehicles should not pass to him until the cheque was paid. Subsequently the cheque was dishonoured and King was convicted, on criminal proceedings being taken, of obtaining the vehicles by false pretences. One of the lots sold was a Standard car and this had been sold by King to Collom, who had in turn sold it to Skinner. This was an action by the auctioneer Dennant to recover the car from Skinner on the ground that he had no title to it.

One of the contentions of the plaintiff was that he would not have accepted the cheque if, in consequence of the false representation, he had not believed that the buyer was the son of the proprietor of King's of Oxford. Now there have no doubt been many cases such as *Phillips v. Brooks, Ltd.* (1919; 88, L.J.K.B., 953), where mistake as to the personality of one of the contracting parties has been important in determining whether there was, in fact, a contract or not. For if there was never any intention of parting with the property in the car to the fraudulent person, then that person has got the car by larceny by a trick: but if there was an intention to part with the property in the car then the fraudulent person obtains it by false pretences. As to this, Hallett, J., said:

There seems to me no ground on which to hold that consideration of the person with whom the plaintiff was willing to contract entered as an element in the contract which he was willing to make. At an auction sale, apart from any question of reserve price, a lot is knocked down to the highest bidder, whoever he may happen to be.

Hence Section 24 (2) of the Sale of Goods Act, 1893, applies. This provides:

Notwithstanding any enactment to the contrary where goods have been obtained by fraud or other wrongful means not amounting to larceny, the property in such goods shall not revest in the person who was the owner of the goods or his personal representative, by reason only of the conviction of the offender.

It should be noted that the fact of conviction on false pretences in a criminal court did not preclude that question being raised and, if it had been thought fit, decided differently, in the civil court.

The second contention of the plaintiff was that the property in the goods sold did not pass until the price was paid—and payment would not be complete till the cheque was met. This contention indeed followed the form of agreement

which the purchaser was required to sign before his cheque was taken. The contention did not find favour with the Court and in fact was disposed of by reference to Section 58 (2) of the Sale of Goods Act, 1893, which provides that:

A sale by auction is complete when the auctioneer announces its completion by the fall of the hammer or in other customary manner.

Although the plaintiff had obtained the form agreeing that the property should not pass if the cheque was not met, the Court was not prepared to hold that, although in fact the property in the goods had already passed on the fall of the hammer, a document of this kind was sufficient to divest King of the property and re-vest it in the plaintiff. The plaintiff did not on the fall of the hammer lose all his rights: he retained the right of possession until payment was made, for Section 28 of the Sale of Goods Act, 1893, provides that:

Unless otherwise agreed, delivery of the goods and payment of the price are concurrent conditions, that is to say, the seller must be ready and willing to give possession of the goods to the buyer in exchange for the price and the buyer must be ready and willing to pay the price in exchange for possession of the goods.

But when the plaintiff allowed the cars to go, he lost his right of possession. Accordingly, Hallett, J., concluded:

In my view, as the property had passed on the falling of the hammer and as the right to possession had disappeared when the plaintiff, persuaded and misled by King's lies, parted with his seller's lien, and (*sic*) there was nothing left on which the plaintiff could found a claim in detinue against some third person, in this case the defendant, thus coming into possession of the vehicle. The sufferer from the lies of King and the reliance placed on King must be the plaintiff himself and not the innocent defendant and third party in this action.

## EXPENSES ALLOWANCES & BENEFITS IN KIND

The Inland Revenue have issued notes on Part IV of the Finance Act, 1948, regarding tax in relation to expense allowances and benefits in kind paid to or provided for directors or employees of businesses. The notes explain who are effected; what payments and benefits are in question; what particular exceptions apply; the general exceptions for expenses payments or benefits which would be fully covered by a deduction for expenses; the valuation of benefits in kind; and the position in respect of P.A.Y.E. A circular letter is being sent by Inspectors of Taxes to employers and companies, dealing with the application of the provisions of Part IV of the Act to P.A.Y.E.

## COMPANY ACCOUNTS UNDER THE COMPANIES ACT, 1948

All the accountancy provisions of the Companies Act, 1948, are presented in convenient form in *Company Accounts under the Companies Act, 1948*, prepared by F. Sewell Bray, F.C.A., F.S.A.A., and H. Basil Sheasby, M.B.E., F.C.A., F.S.A.A., for the Incorporated Accountants' Research Committee, and published early in December, 1948, by Gee & Co. (Publishers), Ltd., 27 & 28, Basinghall Street, London, E.C.2, price 3s. 6d. net, post free 3s. 9d.

This is a revised edition of the booklet *Company Accounts under the Companies Act, 1947*, by the same authors, which was previously published by the Society of Incorporated Accountants. It comprises forms of balance sheet, profit and loss account, and group accounts, with the relevant statutory requirements under each heading.



## RESIDENCE AS AFFECTING THE Income Tax Liability OF LIMITED LIABILITY COMPANIES

by ROY BORNEMAN, Barrister-at-Law

*An abridgment of a lecture delivered by Mr. Roy Borneman, Barrister-at-law, on November 5, 1948, to the Manchester Society of Chartered Accountants and the Incorporated Accountants' Society of Manchester and District.*

THE SUBJECT WE ARE TO DISCUSS to-night is both interesting and important: interesting because at first sight it is a subject without any reality at all; important because liability to Income Tax so frequently turns on the residence of the individual or company concerned. Residence is a personal attribute, and you talk about the residence of a person because he lives in a particular place. *Prima facie*, a body such as a limited company which has no soul cannot live anywhere. And, indeed, this subject would never have any practical importance or reality at all unless for Income Tax purposes it was absolutely necessary to treat a body corporate as possessing the attribute of residence.

Although it may be easy enough to determine where an individual has his residence, it is frequently difficult to apply the concept to a limited company—you have, it seems, to venture into the realms of fiction rather than fact. But some answer must necessarily be found in each case, for our Income Tax Acts being subject to territorial limitation, liability frequently cannot arise unless the residence of the body corporate concerned is found to be in the United Kingdom. And this may perhaps be a convenient place to remark that this concept of the residence of a limited company normally comes in to strengthen the hand of the taxpayer and not the hand of the Crown. If the taxpayer can show that he is not resident in the United Kingdom our Income Tax Acts may not

apply to him at all: the cap just does not fit.

It is important to remember when approaching the particular subject we are considering that as a general rule the profits of a trade or business carried on entirely outside the United Kingdom are not liable to United Kingdom Income Tax, whereas the profits of a trade or business carried on partly in this country and partly abroad may be so liable. The issue, even where an individual is concerned, is generally speaking determined by the *locus* of control. A consideration of the cases of *Colquhoun v. Brooks* 2 T.C. 490, and *Ogilvie v. Kitton* 5 T.C. 335, shows how thin is the line which is drawn on this question of control. *Colquhoun v. Brooks* was the case of a gentleman resident in the United Kingdom who was a sleeping partner in an Australian firm which carried on business solely in Australia. He lived in this country, never went to Australia, and merely received moneys remitted to him here. It was held that his liability arose under Case V of Schedule D only. The case of *Ogilvie v. Kitton* was just on the other side of the line, although it had many similar features. There you had a gentleman living in Scotland who was the sole owner of a business in Canada. He was the sole proprietor, and although the business was carried on for him by his managers abroad he was vested with the sole right to manage and control every department of its affairs. The Court of Exchequer in Scotland held that the power to exercise tacit control was sufficient to attract liability under Case I of Schedule D even though Mr. Ogilvie never, in fact, attempted to exercise his control. It is not always easy to

apply the line of distinction between these two cases; and it is reasonably certain that any case you have to deal with in practice falls between the two!

Turning now to the particular aspect of residence with which we are concerned to-night, we shall see how important is the question of control when the activities of a limited company are under consideration. Residence, as you know, is a question of fact: there are no hard and fast rules of law you can follow in order to determine as of certainty whether A or B, or X Limited or Z Limited, is resident in the United Kingdom, in New York, or in China. It depends upon a consideration of the circumstances of each particular case, and the rule is no less applicable as regards limited companies than it is for individuals. And broadly speaking, before you can have any Case I liability, you must have residence in the United Kingdom.

Since a company has no flesh or blood it is only by analogy or by a fiction that it can be given a "personal residence" in any particular country or place. So far as domicile is concerned, the country of incorporation of a limited company is conclusive, but it is important to bear in mind from the outset that the country of incorporation or the *locus* of the registered office has very little to do with the determination of the place of residence of a limited company. It is, of course, a relevant matter to be taken into account in many cases, but of itself it can never be a conclusive factor. Admittedly, when the problem first troubled the Courts from the Income Tax point of view at the end of the last century, one or two of the Victorian judges considered it to be one of the most important tests, but if you look even at the early cases, such as the *Cesena Sulphur* case, 1 T.C. 88, and the *Calcutta Jute* case, 1 T.C. 83, you find the majority of judges are already rejecting, if not directly, certainly by inference, the country of incorporation and the situation of the registered office as being conclusive as to where a limited company is resident. The same point of view may be said to be implicit in the decision in *De Beers Consolidated Mines v. Howe*, 5 T.C. 198, but perhaps the bogey, such as it was, was not finally laid to rest until judgment was given in the House of

Lords in *Todd v. Egyptian Delta Land and Investment Co.* in 1928 (14 T.C.119). There the country of incorporation, and the administrative arrangements made to comply with the proper law applicable, were finally relegated to their place as a mere factor to be taken into consideration if the primary tests are not conclusive. In particular, Viscount Sumner's judgment is illuminating and I should like to read you a brief excerpt from it which is found on page 141/2:

"It is said that the company is

always really present at its registered office, and if you seek it there you will find it. I can make little of this. . . . At night and on Sundays and holidays you will not find the company at its head office except in a mystical sense, but I would point out that a truer analogy and a more satisfying residence is to be found in 'keeping house and doing business' there than in a continuous statutory presence even during the hours of darkness and of Divine Worship. . . . Notices and returns could be sent to

the Registrar from abroad. Though the spirit of the company may be imagined to brood over these arrangements, I do not see how the company itself is there at all. The office is its English address, but its business may be elsewhere. If this is 'residence' I think it is 'residence' not by analogy to that of a natural person but by an independent metaphor. At any rate, if it is to be called 'residence,' only the Legislature can do it."

(To be continued)

## Taxation Notes

### Estate Duty—Foreign Debts

ESTATE DUTY IS PAYABLE ON ALL property in Great Britain which passes or is deemed to pass on the death, unless it is expressly exempted. Property out of Great Britain, however, is liable to Estate Duty only if the deceased died domiciled in Great Britain; it is exempted if he died domiciled outside Great Britain. In all cases, immovable property situated abroad is exempted. The liability on persons domiciled here extends to gifts *inter vivos*, joint property accruing by survivorship and other non-settled property, also to settled property under an English or Scottish Trust. A foreign settlement is also caught if the settlement was made while the deceased was domiciled here or was of funds provided while so domiciled.

The following is a brief summary of the locality of assets:

ASSET	LOCALITY
Registered securities	Where register on which they are transferable is kept.
Bearer securities	Where the documents are.
Share in partnership, including goodwill	Where business is carried on.
Trade mark	Where registered or used.
Patent or licence thereon	Where operative.
Debts	Where they can be recovered, usually where debtor resides.
Specialty and Crown Debts	Where the deed, etc., on which the debt is owing is situated.

It is well to keep the above scheme in mind when considering debts outside Great Britain in relation to Estate Duty. If a debt is contracted to be paid

in Great Britain or is charged on property situated therein, it is deductible in the usual way as if it were a debt due here.

Where, however, the debt is not so contracted or charged, but is due to a person resident outside Great Britain, no allowance is made in the Estate Duty assessment for the debt, unless there is no personal estate outside Great Britain or there is personal property outside Great Britain liable to Estate Duty, when the debt is deductible from such property.

If the deceased died domiciled abroad there is no allowance at any time for a foreign debt. But if he died domiciled here, repayment of Estate Duty can be claimed on a Corrective Account on any amount by which the debt exceeds the personal property situated in the country in which the creditor resides. Other foreign personalty need not be considered, but foreign personalty in the creditor's country must be taken into account, even if it escapes Estate Duty (for example, leaseholds). Foreign realty is regarded as bearing its own incumbrances, but is not taken into account for other debts.

If property is not saleable or transferable in Great Britain, and the Commissioners are satisfied that additional expense in administering or realising the property has been incurred because of its foreign situation, they may allow the excess of the expense over what it would have cost to deal with the property in Great Britain, up to 5 per cent. of the gross value of the property.

It is appropriate here to mention that any Death Duty payable in a "British Possession" is deductible from the Estate Duty on the same property.

In the case of Eire and Northern Ireland, the Estate Duty payable there is deductible from the Estate Duty payable here on the same property. Somewhat similar provisions arise under the Double Taxation Relief Agreements with the U.S.A., Canada and other countries.

Where the foreign duty is not deductible from the duty payable here, it may be deducted from the value of the property in question.

### Artificial Transactions

The provision for profits tax that no deduction is to be made in respect of any transaction or operation of any nature if and so far as it appears that the transaction or operation has artificially reduced the profits or created a loss or would artificially reduce the profits or create or increase a loss, appears to be widely misunderstood. No doubt this is because of the confusion of the similar provision for the E.P.T. with the provisions that the Revenue had to have passed (in Section 35, Finance Act, 1941) and later extended (in Section 33, Finance Act, 1943) for the very reason that the transactions aimed at were far from "artificial"; they were carefully arranged to be "real" in the eyes of the law.

Anyone who sets out to avoid taxation by legal means is very innocent if he produces an artificial transaction; it is doomed from the start. Only if all documents are carefully and properly drawn up, executed and properly stamped, can the avoidance be valid and not artificial. It is not valid if the documents "are not *bona fide* nor intended to be acted upon, but are only used as a cloak to conceal a different transaction" (Lord Tomlin in the *Duke of Westminster* case, 19 T.C. 490). While the courts now discourage tax avoidance, they are bound by the legal form, provided it is carried out.

For E.P.T., the formation of new com-



panies to give working proprietor standards, and other devices, were not artificial, hence the special legislation to counteract them. If profits tax is continued, we can expect similar anti-avoidance legislation if avoidance becomes rife.

Legal form without its being acted upon, however, is valueless. A good example of this is where a covenant to pay annual sums for seven or more years is made, but no money is in fact paid. In such a case the parties can claim no deduction for sur-tax, nor can the person named as the beneficiary reclaim income tax or be assessed to sur-tax on such sums. This is not really an artificial transaction, it is no transaction at all. The form is there ready to be operated, but without operation it is useless.

An example of an artificial transaction is seen in *Young & Co. v. C.I.R.* (12 T.C. 827), where a firm, under outstanding contracts, were liable to pay for undelivered yarn over £6,000 in excess of current prices and entered into fresh forward contracts at those prices, with an arrangement that the £6,000 odd be charged immediately as a debt, the difference in prices on each delivery to be paid within seven days of delivery. The deduction was not admissible for the E.P.D. period in which the charge was made.

### Allowances

The allowances to an individual are made according to the facts as they exist at the time. Allowances cannot be withdrawn nor fresh assessments made by reason of facts that arise after the year of assessment. This was exemplified in *Dodworth v. Dale* (20 T.C. 285) where a marriage was declared null; the marriage allowance given while the "marriage" subsisted could not be taken away because of subsequent nullity of the marriage.

### Wife maintained

The marriage allowance can only be claimed by a man where the wife is living with or maintained by him. Claims have been attempted where a husband and wife are separated, and the husband allows the wife an annual sum under a deed. In such a case, the annual payment is a charge ("deduction") on the husband's income and he does not maintain his wife for the purpose of the allowance, which is expressly not to be given in such a case (Section 18, Finance Act, 1920).

### Wife's Reduced Rate Relief

Where the husband has no income, or an income less than his allowances, i.e., he has no taxable income, the wife's earned income will not attract the husband's reduced rate relief. Moreover, if the husband's income, including his wife's unearned income, does not absorb the reduced rate relief, the balance is not

given against the wife's earned income. That appears to be the effect of Sub-Sections (3) and (4) (provisos) and (7) of Section 28, Finance Act, 1948; the wife's earned income attracts reduced rate relief, but neither her nor her husband's reduced rate relief can be transferred so far as earned income is concerned; the wife's cannot be transferred in any case.

### Continuing Annuities—Estate Duty

The Board of Inland Revenue announce a change of practice in the method of charging estate duty on the occasion of the death of a person entitled for life to an annuity continuing after his death or to a share of such annuity. The practice hitherto, on the death of an annuitant other than the last survivor, has been to claim estate duty only in respect of the annuity or the deceased's share thereof as passing to the other annuitants or annuitant. Duty has been assessed on the actuarial value of the amount or share for the remaining lives or life, and not on the "slice" of capital producing the income enjoyed by the deceased. On the death of the last survivor estate duty has been claimed on the basis of cesser of interest in respect of capital producing the annuity.

In Green on *Death Duties* (second edition at page 47), it is stated that:

While the validity of the claims under Section 1 (of the Finance Act, 1894) is unquestionable, it may be doubted whether the fact that an annuity passes is any real answer to the proposition that the deceased annuitant had an interest in the capital which ceased on his death.

The Board of Inland Revenue are now advised that duty is chargeable under Section 2 (1) (b) of the Finance Act, 1894, upon the capital set free by the cesser of the annuity or share of annuity, and estate duty will in future be claimed on this basis.

It is believed that a case is likely to come before the courts in the near future in which the claim of the Estate Duty Office is being resisted.

### Franked Investment Income—Building Society Interest

Rule 7 (1) of the Fourth Schedule, Finance Act, 1937, as amended by Section 32, Finance Act, 1947, excludes from profits income received directly or indirectly by way of dividend or distribution of profits from a body corporate carrying on a trade or business to which profits tax applies. Such excluded income is termed "franked investment income."

The principle behind the exclusion is that profits should only be taxed once, where they arise, and distributions out of such profits are not taxable in the hands of recipients of dividends, etc.

In the case of interest on loans, etc.,

there is no question of double taxation. The interest is allowed as an expense of the paying company, and is taxed as part of the profits of the recipient.

Some confusion has arisen in the case of interest received from a Building Society. The official view is that interest on shares is "franked investment income," but interest on loans or deposits (which is allowable in computing the profits of the building society) is not. This view is, in our opinion, unanswerable; it follows the Acts and the principle behind the legislation.

The confusion in some minds has arisen as a result of the overriding limitation provided in Section 42, Finance Act, 1947, on the amount of tax payable by a building society. For the purpose of computing that limitation, interest on deposits or loans is not deductible. But that is for that one purpose only, and for no other, and can have no effect on "franked investment income." The tax of a building society is computed in the ordinary way; there is then a limit to be applied to the amount payable, that is all.

### Double Tax Agreements

Double taxation arrangements have been concluded between the United Kingdom and the colonies of Grenada, St. Lucia, Dominica, St. Vincent, Barbados, Jamaica and the Falkland Islands.

The arrangements, which were published on December 8 as Schedules to Draft Orders in Council, follow the same pattern as the arrangements previously made with other colonies.

The double taxation conventions with the Netherlands relating to taxes on income and estate duties, which were signed in London during October, were also published on December 8 as Schedules to Draft Orders.

### BOOKS RECEIVED

PROFITABLE INVESTMENT. By Arthur G. Jenkins. (C. Arthur Pearson, Ltd., London. Price 6s. net.)

MATHEMATICS OF FINANCE. By Paul M. Hummel and Charles L. Seebeck, jr. (McGraw-Hill Book Company, New York. Price 24s. net.)

ELEMENTS OF ACTUARIAL SCIENCE. By R. E. Underwood, M.B.E. Fourth Edition. (Sir Isaac Pitman & Sons, Ltd., London. Price 10s. net.)

THE LAW OF CONTRACTS IN A NUTSHELL. By Alan Garfitt, LL.B. (Sweet & Maxwell, Ltd., London. Price 6s. net.)

THE SECRETARIAL PRIMER. Prepared under the ægis of the Chartered Institute of Secretaries. By H. C. Holman, F.C.I.S. Second Edition by W. F. Talbot, F.C.I.S. (Heffer & Sons, Ltd., Cambridge. Price 10s. 6d. net.)



# Recent Tax Cases

By W. B. COWCHER, O.B.E., B.Litt., Barrister-at-Law

*Estate Duty—Company controlled by deceased—Valuation of shares by reference to assets—Allowance for non-matured and contingent liabilities—Profits of part of the income tax year in which the death occurs—Whether in computing amount thereof for estate duty purposes any allowance to be made for prospective liability to income tax—Finance Act, 1894, Section 7 (1) (5)—Finance Act, 1940, Sections 50 and 55.*

In *re Duffy* (C.A., October 13, 1948, T.R. 317) was the subject of an extended note in our issue of February last. The point at issue can be stated very briefly. The deceased had died upon June 24, 1942, and amongst the assets of the estate were shares in three companies which fell to be valued in accordance with Section 55 of Finance Act, 1940. One of the companies made up its accounts to January 31 in each year and the valuation of assets as at the date of death would be made by reference to the net assets shown in the balance sheet as at January 31, 1942, adjusted by a proportion of the profits or losses for the year to January 1943. The profits for the latter year would be subjected to tax for the income tax year 1943-44, and it was argued that a proportion of this tax should be deducted as being an inherent liability in respect of the broken period to June 24, 1942. This argument was contrary to the whole theory of a notional basis whereunder, save in cases of cessation, etc., actual profits are never taxed but are used as measures and deemed to be the profits of future periods. In the Chancery Division, Roxburgh, J., had rejected the executors' contention; and in the Court of Appeal they fared no better, Lord Greene, M.R., giving the only judgment. Concluding his judgment, he said with reference to what were "liabilities of the company" to be taken into account in the valuation of the shares:

Taking the construction of these words, I find it impossible to give them a meaning extending beyond what is always perfectly ascertainable without any doubt whatever, namely an existing legal liability, actually existing in law at the relevant date. The words cannot be stretched so as to cover something which in a busi-

ness sense is morally certain, and for which every business man ought to make provision, but which in law does not become a liability until a subsequent date.

The practice in recent years of reserving the prospective liability to tax against the profits of the accounting period is a form of self-insurance against loss of profits, of which the economic importance will vary according to the nature of the business. It differs from a general reserve inasmuch as it is calculated by reference to actual figures, although the amount of tax to be ultimately paid may be very different from the estimated liability.

*Income tax—Mutual trading—Company incorporated under the Industrial and Provident Societies Act, 1893—Membership consisting of two other similar societies—Tea estate in Assam—Company financed by loans from members—Sales exclusively to members—Whether such a society could be said to have earned profits—Indian Income Tax Act, 1922, Section 2 (1)—Assam Agricultural Income Tax Act, 1939, Sections 2, 3, 5, 8.*

*The English and Scottish Joint Co-operative Wholesale Society Ltd. v. Assam Agricultural Income Tax Commissioner* (Privy Council, April 27, 1948, T.R. 309) was an important case because the principle established will no doubt be regarded as equally applicable to the U.K. tax. Decisions of the Privy Council, however, whilst binding and final throughout the Commonwealth, unless the right of appeal has been abolished by a Dominion, are not binding upon the courts of this country, although normally followed. The position was that High Courts of Madras and Bengal had given directly opposite decisions upon similar facts; and the question was which was right. Their Lordships found that the conclusion reached by the second Court, which had refused to follow the first Court's decision against the Revenue, was correct; and the effect of their judgment will be to restrict the scope of the decision in *New York Life Insurance Company*

*v. Styles* ((1889) 14 A.C. 381; 2 T.C. 460), very materially within the geographical area mentioned.

Supplementing the facts stated in the heading, the appellant society was incorporated in the U.K., and consisted of two members, the Co-operative Wholesale Society and the Scottish Co-operative Wholesale Society. It owned an estate in Assam, where it grew and manufactured tea. Except for a small portion unfit for export which it sold locally, the whole of the estate's output of tea was sold to its two constituent members at market rates, and exported to England and Scotland. Each year the said members paid by way of advances to the society sums of money to meet the cost of tea to be supplied to them, and the charges for tea supplied were debited against these advances and recorded as sales to them. Against these proceeds from the sales were debited the expenses of production and interest on loans; and any net surplus was applied in accordance with the rules of the appellant society.

The question was whether the transactions above-mentioned gave rise to a taxable profit or whether the decision in *New York Life Insurance Company v. Styles* regarding mutual assurance applied. The Council held upon the facts of the case that there was a dual relationship between the society and its two members, a mutual creditor-debtor relationship and also a buyer and seller relationship, and that there was nothing notional about either. Referring to the *Styles* decision, their Lordships said:

What kinds of business other than mutual insurance may claim exemption from liability to income tax under the principle of *Styles*' case need not be here considered; but their Lordships are of opinion that the principle cannot apply to an association, society or company which grows produce on its own land or manufactures goods in its own factories, using either its own capital or capital borrowed whether from its members or from others, and sells its produce or goods to its members exclusively,

and it therefore could not claim exemption from liability to tax in respect of the surplus over the cost of producing the tea and rendering it fit for sale. It had earned profits which were, subject to the provisions of the taxing Act, taxable profits. Going beyond the limits of the case before them, their Lordships declared:

In the present case the appellant society is not bound by its rules to sell its tea only to its members, but it could make no difference if it was. No matter who the purchasers may be (their decision applied) if the society sells the tea grown and manufactured by it at a price which exceeds the cost of producing it and rendering it fit for sale.

It will be seen that the decision is a negative one with positive applications, and it would seem to have the important result that the onus of proof in mutual trading cases will lie upon the appellant to show that the *Styles* decision applies rather than upon the Revenue to prove that it does not.

It may not be out of place to refer further to the *Styles* case. It has to be borne in mind that the appeal there did not extend to the whole of the society's activities, but only to those relating to the participating policyholders who were the only members. Even so, it is one of those cases where a doubtful decision by an infallible Court, on review by another Court of equal authority, is being restricted in its effect by what is known as "distinguishing." In practice, this usually seems to mean that the principles regarded as established by the earlier case are so limited by a process of clarification that there remains only the greatest common factor in the various original judgments. Thus, Lord Watson's opinion in *Styles*' case to the effect that the New York Life Assurance Company did not carry on a trade or business at all was, as stated in the present judgment, subjected to "question and correction" by Lord Cave in *Cornish Mutual Assurance Company v. C.I.R.* ((1926) A.C. 281; 12 T.C. 842).

Another feature of the *Styles* case is that "for some reason which I do not profess to understand," as observed by Scrutton, L.J., in the case last mentioned, two important decisions by the Court of Appeal upon the same subject of trading by mutual associations were seemingly not brought to the notice of their Lordships at all. Upon the practical side, in reading the various judgments, the reader might be excused for thinking that their Lordships' conception of a mutual life fund was a deposit account into which the premiums were paid and from which withdrawals were made as required for the purpose of meeting expenses of management and claims upon behalf of the policyholders. There was no suggestion of the possible existence of positive financial operations, the business of buying and selling investments, etc., which is normally a feature. Mutual insurance societies will continue to enjoy their privileged position under the Income Tax Acts. Should it be withdrawn, however, it would seem to be more difficult for them to take measures of avoidance than for societies like those concerned in the case under review.

*Sur-tax—Undistributed income of companies registered abroad—Shares in Canadian company assigned in trust with second Canadian company as trustee—Second company controlling five other foreign companies—Appellant directly in control of first company and in indirect control of the other companies—Whether a "settlement"—Whether income arising under settlement includes*

*undistributed income of foreign subsidiary companies—F.A. 1922, Section 21—F.A. 1927, Section 32—F.A. 1936, Section 19—F.A. 1938, Sections 38 (3), 41 (4) (a)—F.A. 1939, Section 13 (3).*

*Lord Howard de Walden (Scott-Ellis) v. C.I.R.* (House of Lords, October 29, 1948, T.R. 321) was noted in our issues of October and December 1947. In *K.B.D. Atkinson, J.*, had affirmed the decision of the Special Commissioners that only the income of the second company could be included in the settlement income, only to have his judgment reversed by a unanimous Court of Appeal. With equal unanimity the House of Lords has reversed the latter's decision. The case was one of an elaborate sur-tax avoidance scheme and, in the upshot, the gap in the elaborate network of sections has been found to be both real and serious. Those who have been interested in the subject will be aware of the methods by which the object aimed at was reached by means of a chain of companies, and of the statutory counter-measures with their series of apportionments and sub-apportionments. The following extracts from the judgment of Lord Uthwatt reveal the nature of the defect mentioned:

Under the Act of 1922, the actual income of British companies, which are under the control of not more than five persons and which are neither "subsidiary companies" nor companies in which the public are substantially interested (I will call them controlled British companies) is alone capable of an original apportionment. Under the Act of 1927 it is that income when apportioned (less such part of it as has been distributed in a particular way) which is sub-apportionable, but sub-apportionment may be made only as respects income apportioned or sub-apportioned to a controlled British company. Income apportioned or sub-apportioned to a foreign company, in whosoever hands the control of that foreign company may be vested, is not sub-apportionable.

In other words, again quoting Lord Uthwatt,

The Legislature for good or bad reason has chosen that the flow of apportioned income along any particular channel is to be stopped by the appearance of a foreign corporate body in that channel.

He went on to point out that:

the extension of the definition of the expression "company" so as to include a foreign company would not only make its actual income liable to apportionment, but would also render actual income of any body corporate apportioned or sub-apportioned to a foreign company sub-apportionable.

No doubt his suggestion, will be noted by those concerned with repairing the damage.

## Actuaries & Accountants

THE INSTITUTE OF ACTUARIES, 1848-1948: An Account of the Institute of Actuaries during its First One Hundred Years. By R. C. Simmonds. (*The Institute of Actuaries, No price given.*)

This delightfully written book was published on the centenary of the Institute of Actuaries at the time of its Congress in London. Much of the early history of the Institute was a continuous altercation among its members, which the author recounts with a dry and engaging humour, and of which the formation of the Faculty of Actuaries in Edinburgh in 1856 was one of the culminating points. The Institute obtained its Charter in 1884, and in 1887 it first occupied the lovely Hall in Staple Inn, destroyed by a flying bomb 57 years later.

Several references are of particular interest to accountants. Only by an accident, it appears, were the letters now used by Chartered Accountants not appropriated much earlier (in 1848) by actuaries. "There was then a suggestion that Fellows should use the letters F.C.A., and Associates A.C.A. But," the author goes on, "the supremely quotable portion [of a circular of 1848 urging the formation of an actuarial body] is surely this:

"The establishment of a College of Actuaries would in time prevent Attorneys and ignorant Accountants or Auctioneers presuming (as they now do) to advise parties on the value of contingent or reversionary property or money payments."

For several years to 1896, the Society of Accountants and Auditors (now the Society of Incorporated Accountants) leased Staple Inn Hall for its examinations, but in 1896 the Institute terminated the arrangement.

"Accountants," says the author, "appear to have been a specially exciting influence, for, in 1897, they were the cause of the appointment of a fresh Committee 'to consider exhaustively the entire question of the status of students!'" At that period, the Institute was particularly arbitrary in granting candidates admission to its examinations. In these days, the exacting standard of the examinations themselves is the main bar to membership of the Institute, though a recent revision of the Syllabus will make the examinations, if not less difficult, certainly more logical in arrangement.

Mr. Simmonds, a Past President of the Institute, in writing this book, undertook a heavy task of research into the Institute's records. The result is an admixture of serious history of a rightfully proud and select institution and a century's anecdotal of its main personalities.

L. T. L.



## The Month in the City

### Reverse for Equities

So far as the indices go, the events of the past month in the stock market have been a very minor reverse for British industrial ordinary shares and a further weakening of Kaffirs. The former is measured by a fall from 121.3 for the index of the *Financial Times*, which was approximately the temporary peak, to 120.1, or a shade under 1 per cent. Meanwhile, the fixed interest index of that journal is unchanged at 133.7. More specifically, gilt-edged have weakened a shade, the general index by about quarter-point, while the yield on Old Consols has risen from 3.12 to 3.14 per cent. Strangely enough this virtual stability has been accompanied by a slight recovery in the volume of business until the last few days. Turnover has, however, remained modest and it has not taken much to tip prices one way or the other. It seems that a number of factors have contributed to change the direction, of which one may well be that the equity index had just touched the level at which it turned down in the late spring. The fall occurred despite a further disbursement of Argentine railway monies and despite the appearance of a number of very favourable sets of accounts. It is suggested that rather belated realisation to finance payments of sur-tax and Special Contribution have more than counteracted these factors. A point seldom mentioned, but probably more important, is the possibility that institutions which sold at or near the May-June peak have stopped buying now that many securities have approached or passed that level. Another factor is, of course, the resumption of the flow of new issues. The large turnover in the new "A" ordinary shares of Austin Motor is an indication that there is plenty of money still awaiting a favourable opportunity for investment.

### The Hazards of Gold Shares

Some attention should be given to the reasons for the weakness of Kaffirs. It has been evident for long enough that, far from constituting a hedge against inflation, holdings in gold mines were very likely to prove hazardous investments so long as only the U.S.A. could afford to buy gold in large quantities and so long as it saw no reason to maintain a fixed relation between its general price level and that of the precious metal. The prosperity of the Union of South Africa is still tied up to a very large extent with the volume of its gold sales in terms of convertible currency. Owing to a large influx of capital, that country has so far been able to ignore the fact that every rise in world prices makes gold production more difficult. She is now having to face the fact that, in this respect, her position is much worse than in pre-war days, and it seems extremely probable that a policy of disinflation will be pursued—with considerable effects on her imports and industry.

### G.U.S. Accounts

Even this new apathy is not proof against figures sufficiently impressive and the first really consolidated figures of the Great Universal Stores are a case in point. The accounts, which appear 8½ months after the date to which they refer, contain no comparative figures for the year to end-March, 1947, and fail to consolidate the South African enterprises already acquired at the end of last year. Even so the changes are sufficiently impressive, mainly owing to the inclusion of figures for Jays and Campbells. Compared with the parent company for March, 1947, the consolidated balance sheet at March last shows total assets of £36 million odd against £6,320,000; gross current assets of £25,728,000 against £1,177,000, net current assets of £8,650,000 against net current liabilities of £556,000 and fixed assets, including goodwill, of £10,335,000, compared with a figure of £4,320,000 which includes the whole disclosed net investment in subsidiaries. A considerable part of the expansion is due to over £10 million of stocks and almost £6,700,000 still due on hire-purchase payments. These have been financed to the extent of over £6 million by bank loans. Provision is said to have been made for decline in value of stocks where that was considered prudent. Presumably, there has been further expansion this year and shareholders are entitled to be given the history of the firm's short-term finance and future policy in that respect.

### When are Provisions not Provisions?

A good deal of the excellence of many of the recently published annual reports arises from the requirements of the Companies Act on the content of consolidated balance sheets and profit and loss accounts. It is very frequent experience that really substantial sums which had been hidden as provisions under current liabilities now appear as reserves, with a consequential increase in net circulating capital which sometimes quite changes the story. The other most encouraging change is the revelation of sums retained by subsidiaries and the effect of their accumulation over the years. Previously these were either not discoverable at all or only by careful perusal of a long series of accounts. Of course such events have been happening for some time past, but recently, both in number and amount, the changes have been particularly important. Some time ago smaller changes attracted a good deal of attention and provoked considerable movements in share quotations, but latterly familiarity appears to have bred contempt. There are, perhaps, two reasons for this: the growing feeling that dividend limitation is not a short-term policy and the experience that even large reserves soon melt under the existing conditions of rising prices and inadequate allowances.

# Points from Published Accounts

## Comparative Figures too Difficult to Fit

The report is sent out with the chairman's speech by Tootal, Broadhurst and Lee also, the spinners and manufacturers, who submit consolidated figures for the first time. The chairman says: "We have not been able to show last year's figures for comparison, as it is difficult to make them fit." This means that the jump in net profits from £359,195 to £783,955 may be more a testimony to previous conservatism than an indication of the trading experience. Shareholders are told that the company made a large profit, and there is as much comfort for shareholders in the assets cover for the Ordinary capital as there is in the cover for the Ordinary dividend. This takes £63,706, and compares with profit retentions of £709,249. The amount written off land and buildings is not disclosed, but there can be no doubt whatever that they stand considerably below their replacement cost.

## Invidious Profit Comparisons

Comparison of annual profits over a period of years is facile, but in many instances is not justified. With many companies there is delay in settling taxation difficulties, and this means not only that provisions have to be made to take care of possible liabilities, but that profits brought to credit can frequently relate to previous years. In the case of John I. Thornycroft, the ship-building, ship repairing and commercial vehicle manufacturers, the trading surplus of £702,829 includes approximately £95,000 in respect of contracts completed prior to the financial year. In his speech the chairman says that negotiations regarding exceptional depreciation and the treatment of deferred repairs have been closely followed up, but that there are many matters still to be concluded. Contracts with the Admiralty for three destroyers and a sloop are unsettled, and so is the company's claim under a break clause arising out of cancellation of contracts for five destroyers and another sloop. In turn, because of this, it has been impossible to settle other post-war contracts such

as the reconversion of the R.M.S. *Orontes* completed in June of this year. In the accounts fixed assets are shown at cost at £2,192,726, and on the liabilities side depreciation and writing down are tabulated under different heads, the total amounting to £1,393,062. Issued capital and revenue reserves are sub-totalled at £2,157,555, and in a panel immediately underneath it is shown how this amount is applicable to the share capital. Comparative figures are given throughout in red ink, and though there are plenty of figures to be digested shareholders are given a comprehensive view of the undertaking. The chairman's speech is particularly illuminating.

## Directors versus Auditors

The financial Press took a serious view of the Aspro report, published in November. Criticism stemmed from the auditors' report, which opened with a qualification. "The third paragraph of the directors' report gives details of shares purchased during the year. We have not received explanations which, in our opinion, justify the excess of the purchase price over the values of the underlying tangible assets, as shown in the books of the companies whose shares had been purchased." The joint managing directors of Aspro were majority shareholders in the companies purchased, but they were not present at the final discussion of the transaction and did not vote upon it. Those directors who were present (their names are not given) "were unanimous in their belief, and continue to believe, that a fair and proper price was paid. . . . Those directors who were not directly associated in any way with the purchase hold the view that their colleagues who so voted exercised a proper discretion in their belief that they were acting in the best interests of the stockholders." As a sum of £145,000 is involved, a stormy meeting was accurately forecast.

It is a pity that such a splendidly printed report should contain such bad news for shareholders. Comparative group figures are omitted, but the

parent's trading balance has slumped from £686,147 to £442,655. To what extent, if any, the auditors have prevailed upon the chairman to give detailed reasons for this slump we shall probably never know, but the reasons advanced are far from comforting for shareholders. They are (a) higher operating expenses of approximately £150,000, including increased cost of advertising in foreign markets and of maintaining publicity space in this country; (b) special non-recurring charge of £60,000 from which some benefit will be received in subsequent years; (c) the fact that a South African subsidiary paid a dividend of £82,000 from accumulated revenue last year; mainly due to technical complications, which are receiving attention, no dividend was received from this source in the past financial year.

## Revalued Assets

Considering the size of the company—group assets total £36,944,419—the accounts of Tube Investments are also made up in excellent fashion. The report is as commendable for its brevity as are the explanatory notes on the consolidated accounts for their detail. During the year the land, buildings and plant were revalued, and they appear in the balance sheet at £16,547,037. The huge surplus on revaluation of £10,078,510 has been taken to capital reserves, which include £3,000,000 special depreciation, £724,022 E.P.T. post-war refund, and £39,812 share premiums, and total £13,842,344. Revenue reserves aggregate £7,757,287 and there are "hidden" reserves in the par valuation of the shareholdings in Stewarts & Lloyds, an associated concern which is scheduled for nationalisation. The 625 liaison Deferred Shares held in this company have a prospective takeover value of £1,791,717, and the £396,888 of Deferred stock a takeover value of £1,137,745. The profit and loss and appropriation accounts are models of simplicity, and perhaps the only criticism of the report is the non-disclosure of the amounts absorbed by E.P.T. in the preceding year. This vitiates a comparison of earnings, but it is clear that marked progress was achieved.



## The Art of the Printer

As has been said, the Aspro accounts are splendidly printed, and company directors, secretaries and auditors should look to their moats. By the careful selection of type, and painstaking attention to layout, it should not be difficult to prepare accounts which do not baffle the average shareholder. For example, common irritations are reports which fold up into odd shapes, parent accounts printed latitudinally and consolidated accounts longitudinally, the use of one typeset throughout, the use of very small type, and so on. Admittedly some printers refuse to be told their business, but if they are shown what their rivals can do they should quickly change their tune. The Aspro accounts are printed on glossy paper, and where comparative figures are shown they are printed in the well-known mauve hue of the Aspro box. The sub-headings to the chairman's speech are given a similar colour, and a bold and pleasing type is used for balance sheet sub-heads and for all figures in the report.

There is also a lot to be said for standardising company accounts. In a nutshell, a balance sheet prepared by Picasso would look very different from one prepared by Sir Alfred Munnings, even though the subject was the same. A greater measure of standardisation may well result once the teething troubles caused by the new Act are overcome. In the meantime, auditors and company secretaries may derive valuable hints from a study of the reports of other companies. Where consolidated accounts are of prime importance to shareholders it may well be argued that the figures relating to the parent company alone should be regarded as an unnecessary evil, and should be relegated to the hindmost position usually occupied by the vitally important consolidated figures.

## Brewer's Problems

As Brickwood & Co. was established in Portsmouth 243 years ago it is not surprising that the directors have been forced to show the fixed assets at their book value. (It would not be surprising if the antiquity value of some of the assets far exceeded their unknown cost!) The problem of submitting group accounts plus comparative figures is

overcome by tabular presentation. Critics of this system dislike the addition and subtraction sums, and contend that the shareholders are not interested in the net assets applicable to reserves and capital, but in the net assets applicable to the capital alone. In this instance the tabular profit and loss account is presented very clearly. A headache is that the brewery is in a "declaratory" area, and may be required if the Admiralty wishes to extend the dockyard. The company has already expended the repairs and renewals relief allowed against E.P.T., but it is estimated that about 40 per cent. of the deferred repairs and renewals scheduled are not yet commenced. The expenditure on these will be the subject of a claim to repayment of E.P.T. as it is now quite clear that the notional allowances for repairs in the E.P.T. computations are insufficient to meet the present-day cost of carrying out those repairs which were deferred by war circumstances.

## THE INSTITUTE OF CHARTERED ACCOUNTANTS IN IRELAND

The Diamond Jubilee Dinner of the Institute of Chartered Accountants in Ireland was held in the Gresham Hotel, Dublin, on December 1. The President, Mr. W. H. Fitzsimons, occupied the chair. The guests included the Prime Minister of Eire (Mr. J. A. Costello, S.C.); the Minister for Industry and Commerce (Mr. D. Morrissey, T.D.); Sir Harold Howitt, G.B.E. (Past President of the Institute of Chartered Accountants in England and Wales); Sir Ian Bolton (President of the Institute of Accountants and Actuaries in Glasgow); Mr. R. G. Simpson (President of the Society of Accountants in Edinburgh); and Mr. R. W. Banks (Secretary of the Institute of Chartered Accountants in England and Wales). Sir Thomas Keens (Past President of the Society of Incorporated Accountants) was unfortunately prevented from carrying out his intention of being present at the dinner.

The Prime Minister of Eire (Mr. J. A. Costello, S.C.) said it was a very pleasant duty to welcome all the distinguished visitors, particularly those from England and Scotland. They were members of a great profession, and they in Ireland were entering an era in which they could look forward to peace and prosperity for all and good feelings towards their nearest neighbour.

The Minister for Industry and Commerce (Mr. D. Morrissey, T.D.) said that

during the past sixty years the Institute of Chartered Accountants had grown to be one of the strongest and most responsible professional organisations in Ireland and it would be difficult to give adequate recognition to the part it had played in assisting the development of Irish economic progress. To-day their services were required not only to facilitate the smooth and efficient running of private business, but also in the national interests. Quietly and unobtrusively, without propaganda or rhetoric, the accountant revealed through the ruthless logic of the balance sheet whether a particular business or industry was operating for the common good or was wasting the resources of the community in paving the way to bankruptcy.

Sir Harold Howitt, who proposed the toast "Prosperity to Ireland," expressed deep appreciation for all the kindness shown to them since their arrival. He gave a message from the President of the Dominion Association of Chartered Accountants in Canada, conveying greetings and prosperity to Ireland. For the last two or three years he had been working in London as Chairman of the co-ordinating committee, and he was delighted when a month or two ago he was able to welcome the Irish Institute to the fold they were able to establish.

Senator C. Lavery, S.C., Attorney-General, who proposed the toast "Institute of Chartered Accounts," said that in his opinion no big business was safe without the constant attention of the accountant.

Responding to the toast, the President of the Institute, Mr. W. H. Fitzsimons, said that in 1937 the number of members of the Institute was 404, but it was now in the neighbourhood of 700 and likely to increase still further. The figures were indicative not only of the progress of the Institute, but also of the prosperity of Ireland, on which they were dependent. There was a growing demand for qualified accountants to fill executive positions in industry.

Mr. P. J. Purtill, Vice-President, who proposed the toast of "Our Guests," paid a tribute to the splendid work done in recent years by the British bodies in examining the basic principles of accountancy. The recommendations which had been issued from time to time on the form of accounts, bases of stock valuation, depreciation, etc., had gone far to reform the practice in connection with the accounts of companies and to secure the adoption of uniform methods for enlightenment and protection of the public.

Sir Ian Bolton, President of the Institute of Accountants and Actuaries in Glasgow, responded.

The toast of The President was proposed by Mr. G. Brock, and the President suitably replied.

# Publications

**ECONOMICS.** By Frederic Benham. 4th Edition. (Sir Isaac Pitman & Sons, Ltd., London. Price 12s. 6d. net.)

**ECONOMIC ANALYSIS.** By Kenneth E. Boulding. Revised Edition, 1948. (Harper & Bros., New York; Hamish Hamilton, Ltd., London. Price 25s. net.)

The text-book by Benham retains the place it has won as an indispensable volume for all who are entering upon a serious study of economics. Taken as the second or third book in a graduated scheme of reading, it gives a lucid and thorough development of the subject, up to the point where the more advanced text-book by Boulding can usefully be fitted in. It appears to the present reviewer, however, to be a mistake to make Benham the very first book in the raw student's course, as is frequently done, for despite its simplicity of style, it is not quite so elementary as may appear at first blush. This new edition of the work is substantially the same as the third, which appeared in 1943, except that a chapter on "Post-War Economic Problems" replaces that on "War Problems."

*Economic Analysis* is, without doubt, one of the best of the more advanced primers. In its revised edition it makes rather stiffer reading than before, for much new matter, some of it involving fairly difficult analysis, has been introduced. The author states in his preface that he has come to believe that an approach to the subject through "macro-economics"—the study of economic aggregates, for example, the national income and the shares of it going to different sectors of the community—is most suitable, but has not yet reached the point where he opens the book with the chapters on this part of the field. Indeed, he appears, in practice, like most other professional economists, to be hovering between this "new" approach and the traditional approach through the theory of value. Nevertheless, Boulding will be "required reading" for every student who takes economics beyond, say, the examinations of the professional bodies.

L. T. L.

**LETTERS OF AN ECONOMIC FATHER.** By W. S. Hill-Reid. (The Falcon Press, Ltd., London. Price 8s. 6d. net.)

The author, a bank manager, gives advice in a series of simply written letters to a hypothetical son. He tells him how to deal with the financial problems that will confront him on entry into the big wide world—and none of the advice is idle or unneces-

sary. Criticism must be on the author's omissions rather than his commissions. In the letter on income tax, it seems to be assumed that any adult person can deal with his own returns with the limited guidance which can be given in a book such as this. Here is a dangerous belief to foster among the new generation. It would have been understandable—though not excusable—if Mr. Hill-Reid had urged that the Income Tax Department of a bank should be consulted in all tax matters save the most simple. It is, perhaps, too much to expect that he should advocate—as one in a less compromising position would surely do—the engaging of a qualified accountant. But not to suggest that some specific advice should be obtained is surely a mistake.

The references to building societies and insurance are singularly incomplete. Local rates, national insurance, and foreign exchange are not mentioned at all. Hire purchase and credit sales also are left out of account, perhaps because of the author's continual insistence upon the importance of living within one's means. Despite this, however, he recognises that perdition need not follow if house property is not purchased outright. Is this because banks will finance house purchases, but usually not other deferred transactions?

It is a pity that the income tax rates and allowances quoted in a book published in 1948 should be those of the financial year 1945-6, but perhaps this is simply due to publishing delays.

The author has missed his chance of making this a really useful book, doubtless through an excessive regard for the limited endurance of his fictitious offspring. Another six or eight letters would have meant that the book might have been read at two sittings instead of at one, so readable is the style. It would not then have been encyclopaedic by any means, but it would have been an even better guide than it is to financial security and wisdom for the young.

L. T. L.

**WORKING PARTY REPORTS: Some Accounting and Economic Aspects.** By a Committee of the Association of Certified and Corporate Accountants. (Published by the Association, London. Price 2s. net.)

This booklet of 71 pages collects a number of short chapters, some of them reprints of articles which have appeared in the Association's journal, condensing references in the numerous Working Party reports of interest to the accountant. There is a separate chapter for each industry, detailing the Working Party's suggestions on costing and accounting procedures; the points thus summarised are linked together by a short commentary on some of the industry's main problems. Unfortunately for this mode of

treatment, few Working Parties said anything very precise or specific on these important issues. In consequence, the present reviewer found the repetition of the generalisations, made by one Working Party after another on the desirability of ascertaining costs, rather irritating. It seems a pity that the committee of the Association did not themselves elaborate upon the two main points raised in the reports by examining ways and means of ascertaining costs and of introducing satisfactory systems to include the use of standard costings. In the very readable introduction something of this kind has been done, but the extension of this treatment to the rest of the booklet would have permitted more penetrating comment than has been possible in the present format. Nevertheless, readers will not fail to note the theme of this booklet, the important role that the accountant, professional and industrial, can and must play in the national economy. For students, the booklet is a valuable summary of a formidable body of reading, and unlike so many accounting publications nowadays, it is remarkably cheap.

A. R. I.

**THE COMPANIES ACT, 1948.** By S. W. Magnus, B.A., Barrister-at-Law, and Maurice Estrin, Incorporated Accountant. (Butterworth & Co. (Publishers), Ltd., London. Price 32s. 6d. net.)

Pending the preparation and publication of the better-known works of reference such as *Palmer and Buckley*, immediate requirements are adequately met by the authors of this important work. An eminent counsel used to impress on his pupils the importance of searching for principles and, where necessary, studying legal history. Applying this dictum, Messrs. Magnus and Estrin provide an introduction dealing with past legislation and summarising the defects of the 1929 Act and the main changes effected by the Companies Act, 1948. The authors then reproduce the text of the Act, appending explanatory notes to each section. It will be found that these notes, with appropriate examples, really explain and elucidate the text, and do not, as not infrequently happens when the subject is dealt with in chapters, merely paraphrase or repeat the phraseology of the statute. Specimen forms of accounts are given in one of the appendices, supplementing the detailed commentary on the Eighth Schedule and the relevant accountancy sections of the Act.

Notices of meetings have now to state "with reasonable prominence" that members can appoint their own proxy. The statement is made on page 124 of the book:

What is "reasonable prominence" is a question of fact in each case. A notice



tucked away inconspicuously would, of course, not comply with this requirement. On the other hand, it does not appear necessary for the statement to stand out in bold letters. A useful guide is the wording of Section 2 (2) of the Hire Purchase Act, 1938, which requires the statutory notice to be inserted in a hire purchase agreement to be "at least as prominent as the rest of the contents."

In this connection, *Peel v. L.N.W. Railway* is not referred to in the lengthy list of cases cited, but Section 136 has only modified and not overruled that important Court of Appeal decision. Hence directors, it seems, may still send out at the company's expense proxies with their own or their nominees' names inserted. This right has quite properly been reserved for the board in the company's interest. *Bradford Banking Co. v. Briggs* should, it is considered, have been expressly mentioned in place of *Rearden v. Provincial Bank of Ireland*, as the House of Lords in the former case established the principle that a company, claiming a lien, may be affected by previous notice of the interest of a third party. Now that companies are to be liable for forged certificated transfers, a reference to forged transfers generally and the cases relevant thereto would have been useful.

It may be added that private companies desiring to be exempted from filing their accounts will find that difficult subject well explained and illustrated by *pro forma* examples, but no exposition will remove the impression that this part of the new Act is unsatisfactory and will result in some companies, not entitled, successfully claiming exemption.

F. D. H.

**MACHINE ACCOUNTING AND ACCOUNTS OFFICE PRACTICE.** By P. N. Wallis, F.S.S., A.S.A.A., A.C.I.S. (*Sir Isaac Pitman & Sons, Ltd., London. Price 21s. net.*)

On reading this book, there is a frequent temptation to suggest that the second half of its title, "Accounts Office Practice," should receive as much prominence as the words "Machine Accounting," for throughout the book there is given brief, clear and sensible explanation of the majority of jobs which require to be done in an office, including the handling and flow of papers and the type of stationery to use. This does not imply that machines are not mentioned—far from it; nearly all the different types are described and illustrated: their advantages and disadvantages are pointed out, and, after this introduction, they are studied in relation to the usual books of account used in the double entry system.

The author shows how information contained in day books, sales and purchase

ledgers, and cash books can be prepared by machines, commenting on the differences between manual and mechanised records. Other chapters illustrate the application of machines to dividend payments, analysis, wages, costing, stock and stores records. Sound advice is given about machines and the systems which go with them, and a chapter is devoted to the audit of mechanised accounts.

There are many phrases in the book which appeal particularly to the industrial accountant, such as "Machines do everything but think," "Book-keeping includes some thinking," and "The outsider who is not present to give his views must be considered."

As the potentialities of punched card machines are so great, it seems a pity that this type of equipment has been dealt with separately, and, in some measure, less extensively than the other classes of office equipment.

This is a book which should be read by every student of mechanised book-keeping and by every would-be visitor to a Business Efficiency Exhibition, for the latter would then be in a better position to profit by the salesmen's demonstrations and the references to the merits of their respective machines.

R. N. B.

**ACCOUNTANCY CAREERS.** By K. A. Coles, M.A., F.C.A. Revised by G. E. Radford, F.S.A.A., F.C.I.S. (*Gee & Co. (Publishers), Ltd., London. Price 7s. 6d. net.*)

This book admirably answers the many questions asked by anyone considering entry into the accountancy profession. What does an accountant do? What type of people make good accountants? How do you become an accountant? How much does it cost? How do you commence to practise as an accountant?

It gives a broad summary of the work of a busy accountant's office, showing that a professional accountant does not merely "keep books" or "do sums." It is hoped that this section and the introduction will make many headmasters realise that a distinction in mathematics is not the only qualification required for an accountant.

The regulations of the leading accountancy bodies are given, and the various methods of coaching for examinations are discussed.

Newly qualified men should read the section dealing with the prospects in professional practice, and with accountants not in practice. The first gives a great deal of useful information, including various methods by which a practice or partnership can be acquired, and deals with the great advantages of professional practice, but the authors are careful to show that it involves risk and responsibility, and only moderate

reward. Perhaps they have missed showing the great satisfaction which the young accountant feels when he sees his practice and reputation steadily growing. The section on accountants not in practice gives examples of the type of appointment held by such accountants and the regulations of the various specialised bodies such as the Institute of Cost and Works Accountants, the Chartered Institute of Secretaries, etc.

It would have been useful to have pointed out to the young qualified accountant that he cannot expect to be a chief accountant or secretary immediately, but will probably have to take a junior post for a year or two to obtain commercial and industrial experience.

A copy of this book should be in the library of all practising accountants and headmasters of schools.

J. E. S.

**COMMERCE: Volume II in The Economics of Commerce and Industry.** By F. J. Wright, M.Sc. (Econ.), B.Com. (Lond.). (*The English Universities Press, Ltd., London. Price 7s. 6d. net.*)

One's impression on reading this book is that it is a rather odd amalgam of theoretical and descriptive economics. Indeed, it leads to a doubt whether there is such a subject as "Commerce" at all! In any event, one would have expected less attention to be devoted to such topics as "Supply and Demand" and "Money and Value," even though they are excellently treated by the author—in places on a quite high level, perhaps higher than would normally be reached by the students of Technical Colleges to whom the book is primarily addressed.

L. T. L.

**ECONOMICS OF INDUSTRIAL ORGANISATION.** By A. Beacham, M.A., Ph.D. (*Sir Isaac Pitman & Sons, Ltd., London. Price 12s. 6d. net.*)

This is a useful treatment of the main outlines of the economics of industry. Unwillingness on the part of the author to indulge in analytical economics—illustrated by the fact that throughout there is not one diagram of the kind usually employed in theoretical discussions of the size of the firm or the influence of scale upon costs—makes the book rather unsatisfactory to the theoretician. If the author had set out to write a completely realistic survey, this criticism would not hold, but as it is, there is enough theory to make the book unbalanced and insufficient to make it authoritative. Singularly little is said about the development areas, and hardly anything about management.

L. T. L.

# THE SOCIETY OF Incorporated Accountants

## EXAMINATIONS

Arrangements have been made to open an additional centre in Birmingham.

The Preliminary, Intermediate and Final Examinations will be held on May 17, 18 and 19, 1949, at London, Manchester, Leeds, Cardiff, Birmingham, Glasgow, Dublin and Belfast.

Applications on the appropriate forms, accompanied by all relevant supporting documents and the fee, must reach the Secretary at Incorporated Accountants' Hall not later than Monday, March 21, 1949.

The Society does not undertake to arrange hotel accommodation. Candidates must make their own arrangements in this respect.

### EXAMINATION FEES

After reviewing the cost of conducting the Society's Examinations, the Council decided that the following revised scale of fees should come into operation as from December 1, 1948:

Preliminary Examination ..	£3	3	0
Intermediate Examination ..	£4	4	0
Final Examination ..	£5	5	0
Preliminary Examination Exemption ..	£2	2	0

## RESULTS OF EXAMINATIONS

October 1948

### FINAL EXAMINATION

#### Honours Candidates (3)

**CRUMPTON**, Ronald (with O. W. Davies, Mumford & Co.), Kidderminster. (*First Certificate of Merit and First Prize.*)

**BURGESS**, Edward Herbert (with Allen, Baldry, Holman & Best), London. (*Second Certificate of Merit and Second Prize.*)

**THOMAS**, Henry Wilson (with A. Owen John & Co.), Swansea. (*Third Certificate of Merit.*)

#### Candidates Passed (154)

**Ashton-under-Lyne**—**WEBB**, James (with Fred Thornley).

**Bacup**—**McNULTY**, Joshua (with J. H. Lord & Co.).

**Bath**—**BLUNDELL**, Michael Stanley (formerly with Mundy, Brewer & Johnson).

**Berwick-on-Tweed**—**LOUGH**, Francis Baxter (with Walter Baker & Co.).

**Birmingham** — **CHARLOTTES**, John Frederick (with T. Harold Platts & Co.); **GIBBS**, Peter Henry (with Archibald Brown & Bissell); **LANGLEY**, Thomas Richard (formerly with Griffin & Co.); **LLOYD**, Anthony Henry (with Roland Dawes & Co.); **NICHOLAS**, Albert Frank (with Robert, Hall & Co.); **PLANT**, Geoffrey (with Clement Keys & Son); **REYNOLDS**, Norman Donald (with Allsop & Crabbe).

**Blackpool**—**COOPE**, John Tonge (with F. W. Coope & Co.).

**Bournemouth**—**JARMAN**, Philip Austin (with Edward Bicker & Son).

**Bradford**—**CHAPMAN**, Leonard (with Wade Hustwick & Sons); **JOWETT**, George (with Firth, Parish & Clarke); **RUSHTON**, George Eric (with Henry Sykes, Haworth & Co.); **VAUX**, Geoffrey Murgatroyd (with Williamson, Butterfield & Roberts).

**Brighton**—**BAYFIELD**, Denis (with Hilton, Sharp & Clarke); **YALDREN**, Victor Charles (with Friend-James, Sinclair & Yarnell).

**Bury**—**TURNER**, Roland McIntyre (with James Hope, Sons & Co.).

**Cardiff**—**MANSFIELD**, Terence Nicholas Tremlet (with Phillips & Trump).

**Christchurch**—**PREECE**, Harry Arthur (Borough Treasurer's Department).

**Clitheroe**—**HAWORTH**, Thomas (formerly with Varley, Edmondson & Co.).

**Coventry**—**EDWARDS**, John (with Crompton & Co.); **LEE**, Harry Francis (with Daffern & Co.).

**Doncaster**—**OTLEY**, Peter Richard (with J. W. Wilkinson & Co.).

**Dunfermline**—**HAMILTON**, Archibald (with James Condie & Co.).

**Exmouth**—**MORRIS**, John Peter Mervyn (with S. J. G. Southon & Co.).

**Greenock**—**CAMPBELL**, Angus (formerly with James & J. H. Paterson).

**Hull**—**WINHAM**, Robert Leslie (formerly with Hodgson, Harris & Co.).

**Kelso**—**DONALDSON**, Robert (with John J. Welch & Co.).

**Kingston-upon-Thames** — **LEDGER**, William (with H. Menzies & Co.).

**Leeds**—**ASHWORTH**, Donald James (with Armitage & Norton); **ASTLE**, John (with R. R. France & Co.); **HARTLEY**, Leslie (with Whitfield & Co.); **LINTON**, John James (with J. W. Close Hirst & Co.); **NORTHON**, Walter George (with Peat, Marwick, Mitchell & Co.); **SHARPHOUSE**, Alan (with John Gordon, Walton

& Co.); **WARD**, Frank (with Victor Walton & Co.).

**Leicester**—**EADE**, David Derrick (with Thomas May & Co.); **FIELDING**, Maurice Henry (with Sharman & Armonson); **MAYSMOR-GEE**, Thomas Charles (formerly with Baker & Co.); **WHITTINGTON**, Sydney Arthur (with Wykes & Co.); **WOOD**, Roland Frederick (with F. W. Clarke & Co.).

**Liverpool**—**LAKE**, George (with J. Oakley Worrall); **PHILLIPPS**, Harold Geoffrey (with C. Hewetson Nelson, Robson & Co.); **ROBERTS**, John Frederick (with Blease & Sons); **ROBINSON**, Ernest Roland (formerly with Edmund D. White & Sons); **WENSLEY**, Ronald William (with Harmood Banner, Lewis & Mounsey).

**London** — **BOYCE**, Reginald Henry (formerly with Singleton, Fabian & Co.); **BRAZIER**, Robert William (with Hatfield, Dixon & Co.); **BROWN**, George Charles Abbott (with Crane, Houghton & Crane); **BRYANT**, Alan John (with John Unwin & Co.); **BURRELL**, Alan Frederick (with Smallfield, Fitzhugh, Tillett & Co.); **BUSH**, Rex (with Keens, Shay, Keens & Co.); **CARR**, Gordon (with S. E. Denning & Co.); **CARTER**, Horace Herbert (with J. E. Denney, Bogle & Co.); **CHALKLEY**, John Herbert (with Deloitte, Plender, Griffiths & Co.); **COCKCROFT**, Harry (with Deloitte, Plender, Griffiths & Co.); **COSSON**, Alfred Farley (with Wilson, Bigg & Co.); **CRAPPER**, Charles Maurice (with Maurice J. Bushell & Co.); **CURWEN**, Stewart Robert (with Clements, Hakim & Co.); **DAVIDSON**, James Thompson (Practising Accountant); **FOGG**, Richard James Albert (with Morgan, Back & Co.); **GALE**, John Henry (with Eric Phillips & Co.); **GOODWIN**, George Hubert (with Henry J. Burgess & Co.); **GRAY**, John Clifford (with Pike, Russell & Co.); **GREEN**, Michael Anthony (with Thornton & Thornton); **HILL**, Ronald Alfred (with Buzzacott, Lillywhite & Co.); **HORSTMAN**, Frederick Gordon (with Alfred Laban, Son & Co.); **HUNT**, Geoffrey Frederick (with C. N. Walter, Lester & Co.); **JACKSON**, William Sidney (with Chipchase, Wood & Jacobs); **LAKE**, Leslie Richard (with Peat, Marwick, Mitchell & Co.); **LEARY**, Dennis William (with Gladstone, Titley & Co.); **LEES-SMITH**, Dennis Walter (with MacIntyre, Hudson & Co.); **LENDRUM**, Peter (with Jackson, Pixley & Co.); **LIPSCOMB**, Frederick Augustus (with C. N. Walter, Lester & Co.); **MCNEIL**, Bernard Charles (with Simpson, Wreford & Co.); **MAIN**, Donald Ian (with Pannell, Crewdson & Hardy); **MARTIN**, John Anthony (with Peat, Marwick, Mitchell & Co.); **MATTHEWS**, John Walter (formerly with



Kinnear, Webb & Co.); MENDHAM, Albert Charles (with Rickard & Co.); MONTAGUE, Gerald Trevelyan (with Cassleton Elliott & Co.); MORGAN, Donald Cecil (with Morgan, Back & Co.); NUDD, Arthur Leonard (Audit Dept., Co-operative Wholesale Society, Ltd.); NUNN, David Michael (Nunn & Nunn), Practising Accountant; PALMER, Peter Frederick (with Saunders, Daffarn & Saunders); PERRY, Albert Edward (with Page, Simpson & Co.); PLEASANCE, Roy Thomas (with Price Waterhouse & Co.); PORTSMOUTH, Noel Douglas (formerly with C. F. Middleton & Co.); POTTER, Charles Arthur John (Finance Department, Borough of Poplar); POTTER, Lionel Arthur (with Cassleton Elliott & Co.); ROWLANDS, Paul Sherwood (with Cassleton Elliott & Co.); SMITH, John (with Spicer & Pegler); SMITH, Cecil Ronald Davey (with Whinney, Smith & Whinney); SOAN, Humphrey (with Clench, Hewitt & Co.); SPRAY, Douglas Henry Dudley (with E. G. Bourne & Son); STEAD, Ralph Edmund (Audit Dept., Co-operative Wholesale Society, Ltd.); TAYLOR, George Albert (formerly with W. B. Keen & Co.); THRIFT, Cecil John (with Hobbs, Peskett & Co.); VAN DER HELSTRAETE, Marcel Lawrence (with Allen, Baldry, Holman & Best); WATERFALL, James Frederick (with Saffery, Sons & Co.); WOOLGER, Leonard Percy (with Franklin Wild & Co.); WULCKO, Charles Bernard (with Cotman, Hooper & Co.).

**Manchester**—ALEXANDER, Harry (with S. E. Cottam & Sons); COLLIER, Frank David (with David Smith, Garnett & Co.); FOLEY, Kenneth (with Withers & Clare); HURST, Cyril Grundy (with Crofts & Naylor); LEVITT, Clifford Edgar (with Fred A. Fitton, Wilson, Smith & Martin); LIVESEY, Philip Grimshaw (with J. D. Hamer & Co.); OLIVER, John (with Fred A. Fitton, Wilson, Smith & Martin).

**Middlesbrough**—FORSTER, Kenneth Robert (with Peat, Marwick, Mitchell & Co.).

**Newcastle-upon-Tyne**—MYERS, Harold (with George Lang & Co.).

**Newport, Mon**—BEALE, Bertram George (with William Clark & Stephens); BEESE, Roger Henry George (with William Clark & Stephens); DAWSON, Charles Hugh (with Jones, Robathan, Thompson & Co.); DOMAN, Ivor Henry (with William Clark & Stephens).

**Newton Abbot**—WILDE, Peter Geoffrey (with Peplow & Hooker).

**Norwich**—BEAUMONT, Arthur William (formerly with H. P. Gould & Son).

**Nottingham**—GODBER, Frederick Harry (with H. G. Ellis, Kennewell & Co.); HOUSLEY, Harvey William (with Prior &

Palmer); ROBERTS, Gwilym (with Mellors, Basden & Mellors); SHEPPARD, Audrey Crampton (with Harold T. Hooley).

**Oldbury**—CADDICK, Arthur Donald (Deputy Borough Treasurer).

**Oxted, Surrey**—BIELLA, John Eugene Edward (with Taylor & Harman).

**Plymouth**—KITCHEN, Arthur Frederick Cotton (with Northcott, Lyddon & Co.).

**Pontypridd**—THOMAS, John Jervis (with G. B. Williams, Ross & Davies).

**Preston**—NICHOLSON, William (with Henry Yates).

**Scarborough**—VAYRO, Ronald (with Robinson, Coulson, Kirkby & Co.).

**Sheffield**—HOLMES, Frederick Shales (with Camm Metcalfe, Best & Co.); TAYLOR, Norman Dennis (with Kirkman, Manning & Kay).

**Shrewsbury**—LEWIS, Bernard James (with Harper, Kent & Wheeler).

**Southampton**—JOHNSON, Alan Frank (with Westlake, Clark & Co.).

**Southend-on-Sea**—BRAZIER, Leslie Herbert (with Rickard & Co.).

**Southsea**—THORNE, John Edward (with Arthur Daniels & Co.).

**Stafford**—PEAT, John Beadman (formerly County Treasurer's Department); ROBINSON, Gordon Philip (with Dean & Son); YATES, Walter Henry (formerly with Wright & Westhead).

**Stockport**—SMITH, Sydney (with J. Murphy & Co.).

**Tynemouth**—FENWICK, John William Orr (formerly Deputy Borough Treasurer).

**Wellingborough**—SMART, Bernard Morris (with H. W. Pratt, Pollard & Co.).

**Wembley**—BRAILSFORD, Harold Bower (Borough Treasurer's Department).

**Whitehaven**—WALES, Kenneth Davison (with R. L. Wyllie & Co.).

**Wolverhampton**—LEWIS, Donald James (with Gwillim & Co.); LLOYD, Rex Lewis (with Crombie, Lacon & Stevens).

**Ireland**—BOYNE, Michael Francis (with Robt. J. Kidney & Co.), Dublin; BROPHY, Robert Austin (with Cooper & Kenny), Dublin; DAVIS, Patrick Denis (with Gerald J. Moore), Dublin; ELLIOTT, John Joseph (with F. R. O'Connor), Dublin; HAMILTON, Francis (with McNutt & McLarnon), Sligo; McELROY, John Stanley (with Rawlinson, Allen & White), Sligo; NEILL, John Francis Goodland (with Pelham, Punkett & Co.), Waterford; PATTERSON, John Campbell (with Frederick Dall Gray & Co.), Coleraine; RIDLER, Alan Sidney (with Morton, Hulatt & Co.), Belfast.

#### INTERMEDIATE EXAMINATION Honours Candidates (2)

BONNER, Frederick Ernest (Borough Treasurer's Department), Ealing, London.  
(First Place Certificate with another candidate.)

DEWELL, Desmond Edward (with Hill, Vellacott & Co.), London.  
(First Place Certificate with another candidate.)  
Candidates Passed (139)

**Barnstaple**—TUCKER, Arthur Edwin (with Charles Henry Symons & Co.).

**Batley**—TAYLOR, Allan (with W. D. Bur-  
linson & Co.).

**Birmingham**—LEWIS, Gordon Robert (Aston, Wilde & Co.); SYMONS, Eileen Sarah (with Holland, Cooper & Co.); WALKER, Edward Henry (with Foster & Stephens).

**Blackpool**—JOHNSON, James Butterworth (with F. W. Coope & Co.); NUTTALL, Eric (with F. W. Coope & Co.).

**Bolton**—BIRCH, Ronald (with Harper, Pilling & Co.).

**Bombay**—AIYAR, Shankar Arjun (with K. S. Aiyar & Co.); DESAI, Dinuprasad Krishnalal (with Batliboi & Purohit); HORMASJI, Ardeshir Jivanji (with Chandabhoj & Jassoobhoj).

**Bournemouth**—GOODHEW, Benjamin John (with Gregory & Sacker); THOMAS, Gordon William (with Malpas, Simmons & Co.).

**Bradford**—ALDERSON, Kathleen (with Firth, Parish & Clarke); BURROWS, Raymond Matthew (City Treasurer's Department); HANBY, Fred (with Rawlinson, Greaves & Mitchell); MOORE, Allan (with Williamson, Butterfield & Roberts).

**Bridgend, Glam**—SUTER, Leonard Albert (with Tudor Davies).

**Bridgewater**—WOOLAWAY, Reginald Thomas (with J. & A. W. Sully & Co.).

**Burslem**—CAWLEY, Colin (with J. Pater-  
son Brodie & Son).

**Calcutta**—GHOSH, Jagannath, B.A. (formerly with A. M. Roy).

**Cardiff**—GRIFFITHS, Howell James (with Saunders, Horton & Co.); GRIFFITHS, Leonard Vivian (with Deloitte, Plender, Griffiths & Co.); JONES, Kenneth (with T. R. Morris); POLEY, Lester Charles (with Field & Co.); STEWART, Thomas Keith (with Saunders, Horton, Evans & Co.); WILLIAMS, Robert Elfed (with Phillips & Trump).

**Chesterfield**—BRIER, James Allan (with Saml. Edwd. Short & Co.).

**Doncaster**—TASKER, Dennis (with Wat-  
son, Waddington & Sharp).

**Douglas, I.O.M.**—CALLIN, John Patrick (with Albert Hill); CORLETT, Ronald William (with J. B. Bolton).

**Dunfermline**—CONDIE, James, junr. (with James Condie & Co.).

**Exeter**—APLIN, Edward Eric Russell (with W. W. Beer, Aplin & Co.).

**Glasgow**—THOMPSON, Victor (with J. Wyllie Guild & Ballantine).

**Hereford**—MOORE, John Horatio (with Thorne, Wiggery & Co.).

**High Wycombe**—LUNN, Brian William (with R. M. Blaikie & Co.); WOODLEY,

- Arthur Stephen (with R. M. Blaikie & Co.).
- Huddersfield**—BROADHEAD, George Warwick Backley (with Kaye & Wood).
- Hull**—BENTLEY, Isabel Anne (with Butterell & Ridgway); CLARK, Bernard (with Gale & Hutchinson); DOBSON, Peter (with Fawley Judge & Easton); MITCHELL, Fred Debnay (with Hodgson, Harris & Co.).
- Kidderminster**—MOSSFORD, Frederick Roy (with Johnstone, Moulder & Tyers).
- Kilmarnock**—BROWN, John (Town Chamberlain's Office).
- Lahore**—BHANDARI, Joginder Mohan, B.A. (with K. P. Soni & Co.).
- Leeds**—HUTCHINSON, Ivan John (with Fredk. & C. S. Holliday); JOHNSON, Dennis (with Ernest Rukin); PADBURY, Kenneth (with J. W. Close Hirst & Co.); PARKER, Dennis Frederick (with Fredk. & C. S. Holliday); RAWSON, Kenneth (with Armitage & Norton); WHITEHEAD, Arthur, B.COM. (with Ralph Holmes & Co.); WINDSOR, Eric (with Thomas Coombs & Son).
- Leek**—LEACH, Arthur Warren Geoffrey (with Bournier, Bullock & Co.).
- Leicester**—HOWARD, John (with P. A. H. Bromwich); WELLS, David Roy (with Hopps & Bankart).
- Liverpool**—CRAWFORD, William Keith (with Langton & MacConnal); HELLER, Sidney Ivor (with J. Sloan & Co.); KING, Norman Alfred (with Pruddah, Eilbeck & Co.); MALLINSON, Renee Patricia (with W. H. Walker & Co.); NIELSEN, Peter Stewart (with Hodgson, Harris & Co.); PERRY, William Robert (with Thomas Eaves & Co.); SCHORAH, Leslie (with Bailey, Page & Co.).
- London**—ADKIN, Geoffrey Alfred (with Moores, Carson & Watson); ALLWRIGHT, George Stanley (with James Bennett & Son); ANDREWS, Paxton Sidney (with Russell, Tillet & Co.); AUGER, Eric Bruce (with Josolyne, Miles, Page & Co.); BENDING, Archibald William Leonard (with Spicer & Pegler); BRYETT, Cyril (with Woodington, Bubb & Co.); BURRELL, Derrick Patrick (with Peat, Marwick, Mitchell & Co.); CALVERT, Douglas Stuart (with Reads, Cocke & Watson); CHANDLER, Leonard David (with Peat, Marwick, Mitchell & Co.); CLARK, Daniel (with Peat, Marwick, Mitchell & Co.); COSTER-LONGMAN, Clifford Morris (with Saffery, Sons & Co.); CROCKETT, Darrell Alexander Jones (with Whinney, Smith & Whinney); EVERETT, Kenneth Allan John (with Farrow, Bersey, Gain, Vincent & Co.); GILLHAM, Kenneth (with Stanley Holmes & Co.); HULL, Victor Frank George Brown (with Deloitte, Plender, Griffiths & Co.); JOHNSTON, George Kenneth Charles (with S. E. Denning & Co.); JUDD, Derek Roy (with Maurice Thompson & Co.); LEE, John Albert (with W. Elles-Hill & Co.); LEGG, Henry Thomas Bernard (with Percy Mason & Co.); LITKIN, Leonard (with Edward Em. Sander & Co.); MANTZ, Raymond Henry (with Tansley Witt & Co.); MILLER, William George (with Charles Comins & Co.); RANSOME, Peter John (with Leslie A. Ward); RAY, Eric Arthur (with Henry J. Burgess & Co.); READE, Reginald Frederick (with Barton, Mayhew & Co.); REDSTON, Douglas Arthur (with Deloitte, Plender, Griffiths & Co.); SANDERS, Sidney Stephen Knill (Comptroller's Department, Metropolitan Water Board); SEYMOUR, Hugh William Anthony (with Layton-Bennet, Billingham & Co.); SMITH, Frederick Campbell (with Wade, Harrison & Co.); SMITH, Norman Alexander (with Gray, Stainforth & Co.); SPENCER, Gordon James (with H. A. Merchant & Co.); STRIDE, Thomas Garnet (with Moore, Stephens & Co.); SWEETMAN, Thomas Edward (with Chas. W. Rooke, Lane & Co.); TOMPKINS, Horace Albert Edwin (Accountant-General's Department, Ministry of Supply); VALLANCE, Wilfred George (with Thorne, Lancaster & Co.); VERLANDER, Arthur Raymond Edward (with Spofforth & Prince); WISEMAN, Edwin George (with Mathieson, King & Co.); WRIGHT, Ernest Leslie (with Viney, Price & Goodyear).
- Luton**—POLLARD, John Nicholas (with H. J. Cox & Co.).
- Macclesfield**—BERESFORD, Arthur (with R. Johnson, Borough Treasurer).
- Maidstone**—POCOCK, Stephen John (with McCabe & Ford).
- Manchester**—MURRAY, Alan John (with Edwin Guthrie & Co.); ROYLE, John Charles (with Lewis, Brightman & Co.); SMITH, Peter Lees (with Street, Ibbotson & Co.).
- Morecambe and Heysham**—WEBSTER, Thomas Henry (with Waters & Atkinson).
- Newcastle-upon-Tyne**—IBBOTSON, James Ernest (with Peat, Marwick, Mitchell & Co.); MUNRO, Wilfrid Ferguson (with Bolton, Wawn & Co.).
- Newport, Mon.**—PULSFORD, John Henry (with Friend, Ellis & Co.).
- Newton, N. Wales**—JONES, Lewis (with David R. Morgan & Co.).
- Northampton**—SEAR, Richard Edward (with J. R. Watson & Co.); STONE, Edward John (with Benbow & Airs); UNDERWOOD, Brian Reid (with Stewart & Co.).
- Nottingham**—CASHMORE, Jack (with Hubbard, Durose & Pain).
- Ossett**—BURNETT, Peter (with Gordon Ball & Co.).
- Plymouth**—BUNKER, David James (with Roberts & Pascho).
- Preston**—WILSON, Robert Peter (with Titus Thorp & Ainsworth).
- Rawtenstall**—CATLOW, Jack Ross (with J. Rothwell, Borough Treasurer).
- Romford**—LINDOP, William John (with L. A. Clemence & Co.).
- Shrewsbury**—BORTON, Donald (County Treasurer's Department).
- South Shields**—STEELE, William (formerly with Vasey, Oliver & Co.).
- Southport**—BALL, Thomas (with Beaver, Bowen & Co.).
- Stockport**—HEAPS, Alan Albert (with Ford & Rimington).
- Stoke-on-Trent**—PENNEL, Harry (with F. Geen & Co.).
- Sunderland**—DOUGLAS, Thomas Hudson (with Laverick, Walton & Co.); MITCHELL, Fraser (with Wood, Mair & Co.).
- Surbiton**—MITCHELL, James Ernest (with A. T. S. Broadbridge, Borough Treasurer).
- Thame, Oxon.**—BEDWELL, Walter (with Thornton & Thornton).
- West Hartlepool**—GROVES, John Spanton (with W. T. Walton & Son).
- Wolverhampton**—SMITH, John Walton (with W. Vincent Vale & Co.).
- Worcester**—CLIFFORD, Robert John (City Treasurer's Department).
- Zomba, Nyasaland**—MELHUISE, William Adrian (Colonial Audit Department).
- Ireland**—BENNETT, Stanley George (with Cooper & Kenny), Dublin; BLACK, William Joseph (with Atkinson & Boyd), Belfast; BYRNE, Terence James (with McNutt & McLarnon), Sligo; CHRISTIAN, William Berkeley (with Craig, Gardner & Co.), Dublin; DEAN, Cecil Victor Smyth (with Michael K. Wallace), Limerick; SCARRY, Herbert Joseph (with Martin, Savage & Co.), Dublin.

## PRELIMINARY EXAMINATION

### Candidates Passed

- AUSTIN, Clive, 18, Parkholme Road, Dalston, London, E.8.
- BALDWIN, Kenneth, 63, Ashenhurst Avenue, Newsome, Huddersfield.
- BELL, Alexander, 29, Tilney Street, Orrell Park, Liverpool, 9.
- BUTTERWORTH, Maurice Stewart, 18, Church Avenue, Ruislip, Middlesex.
- COLEGATE, Peter Colin, 77, Eden Park Avenue, Beckenham.
- CROWE, Reginald Michael, 145, Nevill Road, Stoke Newington, London, N.16.
- DAGGAR, David John, 5, Townsend, Chew Stoke, Bristol.
- DAY, Walter Allen, 39, Morningson Crescent, Fallowfield, Manchester, 15.
- DICKINSON, Frank Leslie, 255, Allerton Road, Allerton, Bradford.
- HIBBERT, James Lambert Roger, 20, Churchgate, Stockport.



HUMMELL, Frank Ernest, 28, *Avenell Mansions, Highbury, London, N.5.*  
 KELL, Douglas Frederick, 34, *Lorne Road, Wealdstone, Middlesex.*  
 LUSH, Dennis, 19, *Westcroft Gardens, Morden, Surrey.*  
 McCALLUM, James Stewart, 29, *Taunton Avenue, Belfast.*  
 McDERMOTT, Francis, 13, *Frome Street, Preston.*  
 MARSTON, John Brian, 35, *Meredith Road, Narborough Road, Leicester.*

MORRIS, Cyril Granville, 8, *St. David's Avenue, Carmarthen.*  
 PEARCE, Donald Sutherland, 6, *Bailbrook Grove, Swainswick, Bath.*  
 SMITH, Edward John, 54, *Albion Drive, Dalston, London, E.8.*  
 TOTHILL, Winifred Jean, 168, *Marvels Lane, Grove Park, London, S.E.12.*  
 TRAVIS, Peter Edward, 10, *Clarence Road, Harpenden, Herts.*  
 WADSWORTH, Ralph, 24, *New Road, Water Orton, nr. Birmingham.*  
 WRIGHT, Anthony Peter, "Pentlands," *St. George's Road, Mitcham, Surrey.*

	SUMMARY OF RESULTS			
	Final	Intermediate	Preliminary	TOTAL
Candidates Awarded Honours	3	2	—	5
Candidates Passed .. ..	154	139	23	316
Candidates Successful .. ..	157	141	23	321
Candidates Failed .. ..	286	253	40	579
Candidates Sat .. ..	443	394	63	900

### MEMBERSHIP

The following promotions in, and additions to, the membership of the Society have been completed during the period September 14 to December 13, 1948:

#### ASSOCIATES TO FELLOWS

ARIS, Douglas Heath (*Alfred Wright & Co.*), London. BLAKELOCK, George (*Laverick, Walton & Co.*), Sunderland. COOMBER, Ronald Robert, B.Sc. (*Knox, Cropper & Co.*), London. CUCKOW, Phillip Edward, Cheadle Hulme. CURTIS, Winston, Neath. HEDLEY, Raymond Percival (*R. P. Hedley & Co.*), London. HOLROYD, Joseph Henry (*Holmes, Beaumont & Holroyd*), Pontefract. JEWITT, Thomas (*Richard Jewitt, Sparrow & Co.*), Stockton-on-Tees. JOHNSTON, Arthur James, Liverpool. JORDAN, Charles Stanley (*F. W. Coope & Co.*), Blackpool. McNUTT, James Scott (*McNutt & McLarnon*), Sligo. MAGEE, Frederick Alfred (*Clements, Hakim & Co.*), London. MARTIN, William Sinclair (*Laverick, Walton & Co.*), Sunderland. MILLER, Alfred Henry (*Perkins, Copeland & Co.*), Eastbourne. NOCK, Fred, Chief Accountant, Midlands Electricity Board, Halesowen. PEXTON, Donald Henry (*Pexton & Co.*), London. SMITH, Horace Gordon (*Keeling & Co.*), London. STREETER, Archibald Towse (*Perkins, Copeland & Co.*), Eastbourne. WIMBLE, Bentley John Skelton, Johannesburg.

#### ASSOCIATES

ADAMSON-BROWN, David, LL.B., Assistant Secretary and Office Manager, A. & W. Flatau & Co., Ltd., London. ANNESLEY, Arthur, with J. Dix Lewis, Caesar, Duncan & Co., London. BASTIKAR, Shahkar Ramkrishna, B.Com.,

LL.B. (*Dalal, Desai & Kumana*), Bombay. BRITO-MUTUNAYAGAM, Archange Louis Benjamin, B.Sc., Income Tax Department, Colombo. CANFIELD, George Edward, Borough Treasurer's Department, Camberwell, London. CONVERY, Ronald Aloysius, with Price Waterhouse, Peat & Co., Johannesburg. DANKS, Robert Kenneth, with Fairbairn, Wingfield & Wykes, London. FOOKES, Robert Arthur Taylor (*Deloitte, Plender, Griffiths, Annan and Co.*), Ndola, Northern Rhodesia. FOSTON, Peter Wilfred, with Plumb & Co., Swadlincote, Derbyshire. GALLOWAY, Alexander Leslie (*Alex Aiken & Carter*), Johannesburg. GIBBS, Leonard Percival (*Carbishley & Co.*), London. GREEN, Harold Unsworth (*Alfred Green & Co.*), Runcorn. HAWORTH, John, with Rodger Smith & Co., Blackburn. HEGARTY, Henry William, City Treasury, Liverpool. HUBBARD, John Maurice, with Fox & Co., Leicester. JARRETT, Leslie John, with MacIntyre, Hudson & Co., London. JOB, Ronald, with A. J. Northcott, Lyddon & Co., Plymouth. LAWRANCE, Robert Bramwell, with Kenneth White & Co., Cape Town. LOUD, William Henry, with E. E. Burrigge, Bristol. McLEAN, Thomas William, with F. W. T. Mills & Co., Wakefield. MORTIMER, David, with Deloitte, Plender, Griffiths & Co., London. PRICE, Harry (*C. E. C. Nicholls & Co.*), Eastbourne. RANGLES, Kenneth Harold, formerly with W. S. Tomlinson, Newcastle, Staffs. TUCKER, Ralph Anthony (*Tucker & Davies*), Carmarthen. WAINWRIGHT, William George, District Claims Office, Salisbury. WEIL, Gerald Makepeace (*Edward Em. Sander & Co.*), London. WOOD, Harry Humphrey (*Stewart Steyn & Co.*), Klerksdorp.

### DINNER TO THE RT. HON. SIR JOHN ANDERSON

THE PRESIDENT OF THE SOCIETY (Sir Frederick Alban, C.B.E., J.P.) and the Council gave a dinner recently at Claridge's Hotel in honour of Sir John Anderson, G.C.B., G.C.S.I., M.P. The other guests included: The Rt. Hon. Clement Davies, K.C., M.P., The Earl of Limerick, K.C.B., D.S.O., The Lord Courtauld-Thomson, K.B.E., C.B., The Lord Piercy, C.B.E., Dr. A. M. Allen, Mr. R. W. Bankes, C.B.E., Lieut.-Colonel B. Barnes, C.B., M.C., Mr. Andrew Brodie, Mr. Henry Brown, C.B.E., Mr. W. F. Casey, Mr. J. L. Cecil-Williams, Mr. H. Urling Clark, Mr. E. C. Ellen, C.B.E., M.C., Dr. H. J. T. Ellingham, Sir William Fitzgerald, K.C., M.C., Mr. A. Ford, Mr. H. P. Gowen, O.B.E., J.P., Mr. Noel Hall, Mr. T. Haworth, Sir Stanley Holmes, M.P., Sir Cyril Hurcomb, G.C.B., Dr. G. Roche Lynch, O.B.E., Mr. J. Lythgoe, C.B.E., Mr. W. H. Marsden, Mr. Sidney Mearns, Mr. T. H. Nicholson, Mr. F. W. Nunneley, O.B.E., Mr. F. E. Price, Sir Eustace Pulbrook, Sir Charles Renold, Sir Douglas Ritchie, M.C., Mr. F. S. Rowland, Mr. J. R. Simpson, C.B., Mr. L. A. Terry, Mr. J. Wedgwood, Sir Edward Wilshaw, K.C.M.G., Mr. R. H. Wilson.

The following members of the Council were present: Sir Frederick Alban (President), Mr. J. Paterson Brodie (Vice-President), Mr. A. Stuart Allen, Mr. C. Percy Barrowcliff, Mr. R. Wilson Bartlett, J.P., D.L., Mr. Robert Bell, Mr. R. M. Branson, Mr. E. Cassleton Elliott, Mr. A. B. Griffiths, O.B.E., Mr. Alex Hannah, Mr. L. C. Hawkins, Mr. C. A. G. Hewson, Sir Thomas Keens, J.P., D.L., Mr. A. E. Middleton, L.C.C., Mr. Bertram Nelson, J.P., Mr. T. Harold Platts, Mr. F. A. Prior, Mr. R. E. Starkie, Mr. Joseph Stephenson, O.B.E., Mr. Percy Toothill, Mr. A. H. Walkey, Mr. Richard A. Witty; and Mr. A. A. Garrett, M.B.E. (Secretary), Mr. I. A. F. Craig, O.B.E. (Deputy Secretary), Mr. C. Evan-Jones, M.B.E. (Assistant Secretary).

### "ACCOUNTING RESEARCH" DINNER

THE PRESIDENT OF THE SOCIETY OF Incorporated Accountants, Sir Frederick Alban, C.B.E., J.P., F.S.A.A., gave a dinner at the Savoy Hotel on December 2, to inaugurate the new publication of the Incorporated Accountants' Research Committee, "Accounting Research."

Among those who were present were: Professor W. T. Baxter (London School of Economics); Mr. B. H. Binder (president, Institute of Chartered Accountants); Mr. F. Sewell Bray (joint editor, *Accounting Research*); Mr. A. K. Cairncross (Board of

Trade); Mr. W. Manning Dacey (Lloyds' Bank); Mr. R. W. David (Cambridge University Press); Mr. E. Cassleton Elliott (past-president, Society of Incorporated Accountants); Mr. Leo Francis (Sidney Press, Ltd.); Mr. A. A. Garrett (secretary, Society of Incorporated Accountants); Mr. Maurice Green (*The Times*); Mr. R. L. Hall (Treasury, Economic Section); Mr. Roy Harrod (Christ Church, Oxford University); Mr. Walter Holman, past-president, Society of Incorporated Accountants); Mr. C. E. Irvine Jones (Treasury); Mr. T. E. A. Killip (president, Association of Certified and Corporate Accountants); Mr. Leo T. Little (joint editor, *Accounting Research*); Mr. Bertram Nelson (chairman, Incorporated Accountants' Research Committee); Professor Sir Arnold Plant (London School of Economics, University of London); Professor Dennis Robertson (Trinity College, Cambridge University); Mr. T. B. Robson (Institute of Chartered Accountants); Mr. J. R. N. Stone (Department of Applied Economics, Cambridge University); Mr. L. Viney (Sidney Press, Ltd.); and Mr. Richard A. Witty (past-president, Society of Incorporated Accountants). A report of the speech by Sir Frederick Alban appears on page 3. Other short speeches were given by Mr. J. R. N. Stone, Mr. F. Sewell Bray, Mr. Leo T. Little, Mr. Richard A. Witty, Mr. B. H. Binder, Mr. Maurice Green and Professor Dennis Robertson.

### LONDON LUNCHEON

At a Luncheon of the Incorporated Accountants' London and District Society on December 7, at which Mr. T. H. Nicholson, F.C.A., F.S.A.A., the chairman of the District Society, was in the chair, the principal guest was the Rt. Hon. H. T. N. Gaitskell, C.B.E., M.P., the Minister of Fuel and Power.

The Chairman, after welcoming the visitors, who included Mr. Sylvester, a Fellow of the Institute of Chartered Accountants and chairman of the British Gas Council, Mr. Whitmore, an Honorary Member of the Students' Society, who had given great help to the Students' Society with his talks and lectures, and the president of the parent Society, Sir Frederick Alban, asked Mr. Gaitskell to speak on "Common-sense on Controls."

The Rt. Hon. H. T. N. Gaitskell, C.B.E., M.P. (Minister of Fuel and Power), said that few words created more emotion and misunderstanding than the word "control." If one were to speak, not of controls but of rations, one would not get the same hostile reaction as when the word "control" was used. Nevertheless, the vast majority of what were called controls were, in fact, no more nor less than rationing schemes. It was quite wrong to suppose that controls

were an attractive proposition to Ministers or to civil servants. Quite the contrary. The establishing and maintaining of controls means more work, more headaches, more public criticism, more of almost all the things Ministers and civil servants both disliked. The reasons for controls sprang out of the existing situation and they were not a fundamental principle either with the Labour Party or with the Opposition. They were required for dealing with a situation in which, if no controls existed, prices would rise, with the danger of an inflationary spiral, and at the same time the product, the subject of control, would be distributed in a way which, in the view of the Government, would be less in accordance with the national interests. Moreover, the effect upon the external balance of payments or foreign trade position would be unsatisfactory if the controls were to be lifted.

With all their tiresomeness, Mr. Gaitskell still considered that the policy of using controls had led to remarkable achievements in this country. He had no hesitation in saying that without them we should never have made those achievements. A 20 per cent. increase above pre-war in industrial production; a 40 per cent. increase in the level of exports above that of 1938; a 20 per cent. decrease in the pre-war volume of imports, and a balance of payments deficit which, though still too large, nevertheless was half what it was last year—all those, he thought, could not have been achieved without the attempt to carry through a policy of this sort.

Mr. R. N. Barnet, F.S.A.A. (vice-chairman of the London and District Society), said that as accountants they divided time into "productive" and "non-productive." On this occasion he considered their meal-time had been extremely productive. He could assure Mr. Gaitskell that whether they were in practice or in the industries which were nationalised, the utmost reliance could be placed upon the accounting profession.

### DINNER AT BELFAST

The Incorporated Accountants' Belfast and District Society held a dinner on November 25.

The Society had the honour of the presence of The Governor of Northern Ireland (His Excellency Vice-Admiral The Earl of Granville, K.C.V.O., C.B., D.S.O.) and of the following guests: Major The Rt. Hon. J. Maynard Sinclair, M.P. (Minister of Finance), the Deputy-Mayor of Belfast (Councillor W. G. Johnston), the Lord Chief Justice of Northern Ireland (the Rt. Hon. Sir James Andrews, Bt.), the High Sheriff of Belfast (Councillor J. H. Norritt, J.P., F.C.I.S.), and representatives of the civil service, education, and professional bodies.

Mr. H. Andison, F.S.A.A., President of the District Society, in submitting the toast of The King, spoke of the sorrow with which they had all learned of the illness of His Majesty, and said that their loyal and affectionate thoughts went out to him.

The toast of The Governor of Northern Ireland was also given by Mr. Andison and cordially honoured. His Excellency The Earl Granville briefly replied.

Mr. Robert Bell, F.S.A.A., President of the Irish Branch, proposed "Prosperity to Northern Ireland." Mr. Bell said that the prosperity of their country was vital to all of them, and he believed that the accountancy profession, through the service it rendered to the commercial world, could make a real contribution to that prosperity. The demands on the profession in the present age far surpassed anything contemplated by the founders of their Society.

Northern Ireland was extremely fortunate in that their Government had not undergone any party changes. Their Ministries were approachable and they gave due consideration to local conditions.

Major J. Maynard Sinclair, M.P., replying, said that they in Northern Ireland were proud of the contribution they were making towards the economic recovery of the United Kingdom. On the dollar-earning side, they were not able to play as full a part as they would wish, because of the disproportionately large numbers of male unemployed in the area. The Government were doing their best to overcome that problem, and if the present search for coal was successful, the task of attracting industry would be made very much easier.

As an example of what they were doing on the dollar-saving side, the great strides made in agricultural production during the war had been maintained.

The toast of "The City of Belfast" was given by Mr. J. D. Radcliffe, M.COM. SC., F.S.A.A., and responded to by the Deputy Lord Mayor, Councillor W. G. Johnston, M.A., in the absence of the Lord Mayor (Sir William Neill, M.P.), who was prevented from attending by pressure of Parliamentary duties at Westminster.

Councillor J. H. Norritt J.P., F.C.I.S., High Sheriff of Belfast, proposed the toast of "The Society of Incorporated Accountants and Auditors," coupled with the name of the President, Sir Frederick Alban, C.B.E., J.P., F.S.A.A. Councillor Norritt saw in the continued growth of the Society something which was attributable largely to the individual interest and enthusiasm of its members everywhere.

Valuable help had been given by representatives of the accountancy profession on the committee set up by the Northern Ireland Minister of Commerce to report to him on the Statistics of Trade Bill introduced in the House of Commons at Stormont



some time ago. This committee had now presented a unanimous report, and it was to be hoped that a measure might be brought in which would be acceptable to all parties. Members of their profession had also contributed most helpfully to the deliberations of a joint committee of professional organisations which had studied the new British Companies Act and had made certain recommendations as to the form of a proposed new Act of Northern Ireland.

Sir Frederick Alban, C.B.E., J.P., F.S.A.A. (President of the Society of Incorporated Accountants), voiced the thanks of Mr. Garrett and himself for the warm welcome accorded them in Northern Ireland. He joined Councillor Norritt in paying tribute to the work of the officers of the Belfast and District Society and of the Irish Branch as a whole. The representative gathering that night reflected the prestige which the Belfast Society enjoyed.

Sir Frederick spoke of his recent visit to the United States and Canada, and of the impressions which he had gained. He referred to the keen interest shown by accountants in the U.S.A. in the British socialisation experiment, and gave an outline of the paper on the subject which he read at the annual meeting of the American Institute of Accountants.

The Lord Chief Justice of Northern Ireland, Sir James Andrews, Bart., and Mr. J. W. Darbyshire, M.A., replied to the toast of the guests, proposed by Mr. William Keith, F.S.A.A. Welcoming the guests from Eire, Mr. Keith said that so far as the accountancy profession was concerned the question of the "Border" did not arise. (Hear, hear.)

The proceedings concluded with the toast of the chairman, which was enthusiastically received.

### DINNER AT NEWCASTLE-UPON-TYNE

THE INCORPORATED ACCOUNTANTS' Newcastle-upon-Tyne and District Society held its annual dinner in the Royal Station Hotel, Newcastle-upon-Tyne, on November 19.

Mr. F. S. Rowland, F.S.A.A., President of the District Society, presided, and the guests included the Right Hon. James Chuter Ede, M.P., Secretary of State for the Home Department; the Right Hon. Lord Beveridge, K.C.B.; Sir Frederick Alban, C.B.E., J.P., F.S.A.A., President of the Society of Incorporated Accountants; Councillor H. Simm, Deputy Lord Mayor of Newcastle-upon-Tyne; Colonel E. G. Angus, C.B.E., M.C., D.L.; Mr. J. N. Burrell, President of the North of England Shipowners' Association; Dr. J. Charlesworth, Recorder of Scarborough; Professor D. J. Jack, M.A.,

Professor of Economics, King's College, Newcastle; His Honour Judge Richardson; Alderman T. Tully, Sheriff of Newcastle-upon-Tyne; and other representatives of professional bodies, commerce, banks and the civil service.

The chairman, proposing the toast of "The City and County of Newcastle-upon-Tyne," referred to Tyneside's industries and said that shipping was "the bloodstream of the national income." He praised many of the City's amenities, particularly those of education, recreation and transport.

In his reply, the Deputy Lord Mayor, Councillor H. Simm, who is also chairman of the city's transport undertaking, doubted whether nationalisation would improve the services already being given.

Lord Beveridge, proposing a toast to His Majesty's Ministers, recalled his many years at the London School of Economics and the Ministers who had passed through it, among others Mr. Attlee, Mr. Dalton, Mr. Noel Baker and Lord Pakenham.

Under the British system of government the Minister took the responsibility for the work done mainly by civil servants. The Parliamentary question and answer formed one of the most effective pieces of democratic machinery in Parliament.

The Right Hon. James Chuter Ede, M.P., Home Secretary, compared with that of Great Britain the United States' system of government, where the constitution precluded the defence in either House of Congress of any policy by the Minister responsible for it.

World peace could only be established on the foundation of justice. If this generation failed to preserve the liberty of mankind it would be a very long time before it was regained.

The toast of "The Society of Incorporated Accountants and Auditors" was proposed by Colonel E. G. Angus, C.B.E., M.C., D.L. He felt that the present vital importance of accurate accounting in all branches of industry, including costings, had enhanced the position of the profession throughout the economic organisation of the nation. Commenting on the Society's motto, Colonel Angus said that his work often took him abroad and one of the things that impressed him more than anything else had been the faith shown by other nations in the integrity of British firms. This integrity of British industry was greatly enhanced by the efficiency of the accountancy profession. No industrial firm, even if the law permitted, could carry on satisfactorily unless it had the guidance of members of the profession in finance and taxation.

As a Commissioner for Income Tax he frequently dealt with appeals. Frequently the "accountant," so called, representing

the taxpayer had no qualification in accountancy whatsoever. It seemed to him that a great deal of time, trouble and money would be saved if the law demanded that anyone claiming to be an accountant should be qualified in the profession, and certainly the machine of national taxation would run more smoothly if only qualified accountants were permitted to act.

Colonel Angus spoke in high praise of the work done by the president, Sir Frederick Alban, and recalled his history of public service. He was sure that the members of the American Institute of Accountants were greatly impressed by Sir Frederick's address on "Socialisation in Great Britain and its effects on the Accountancy Profession." Visits abroad of people like Sir Frederick went far to impress the world with the importance which Britain as a nation attached to reliability and integrity.

Sir Frederick Alban, replying to the toast, referred to the recent death of the vice-president, Mr. J. Paterson Brodie, and spoke of Mr. Brodie's great work for the Society. They would greatly mourn his loss and he was sure that all would join with him in expressing deep sympathy to Mrs. Brodie and to her family.

It was always the endeavour of the Society to uphold the status of integrity coupled with reliability.

He referred to a recent report of the Headmasters' Committee pointing to the continued attraction of accountancy for boys and the fact that the training for those not serving articles took only six years instead of nine years as hitherto. In reducing the period of service, Sir Frederick stressed they had not detracted from the high standard required.

Sir Frederick also paid tribute to Mr. Rowland, President of the Newcastle Society, and to Mr. Barrowcliff, whose great technical and practical abilities were always at the service of the Society. He commended the excellent work done by the Honorary Secretary of the Newcastle Society, Mr. J. E. Spoors.

Speaking of his recent visit to the U.S.A. and Canada, Sir Frederick reported that the Americans were extremely interested in the details of the measures of socialisation which had been carried out in this country even before the first world war. They had been particularly interested in the schemes of social security. American and Canadian accountants were having to deal with much the same questions as accountants in Britain. But they were expected to take a much more active part in management than in this country. The auditor also took greater responsibility, particularly in the matter of valuation, debts, etc. The particular point of keen interest in the U.S.A. at the moment was the impact of rising prices and depreciation.

## DINNER AT LEEDS

THE ANNUAL DINNER OF THE YORKSHIRE District Society was held in the Queen's Hotel, Leeds, on November 26, under the chairmanship of Mr. Robert E. Starkie, F.S.A.A., President of the District Society.

The toast of "The City of Leeds" was proposed by Mr. A. R. Glazebrook (President of the Leeds Incorporated Law Society). The Lord Mayor of Leeds (Alderman G. Brett) responded.

Mr. C. W. Towlson (Headmaster of Woodhouse Grove School) proposed "The Society of Incorporated Accountants." He admired the Society's high standard of professional integrity. As a schoolmaster, he found the modern generation lacked accuracy of thought and expression. The Incorporated Accountants' fidelity to the truth of the written word and to figures provided a model which might be more widely followed.

Mr. Richard A. Witty, Past-President of the Society of Incorporated Accountants, replying to the toast, said that the accountancy student of to-day was called upon to work and study harder than at any time in the history of the profession. But in all parts of the country their enthusiasm was evident. A reasonable number also were taking advantage of the universities scheme. Another course for members would be held at Cambridge in April.

Mr. Witty thought the future for the accountancy profession was brighter to-day than it had ever been. In this connection he drew attention to the address given recently by Sir Frederick Alban, F.S.A.A., President of the Society, on "Socialisation in Great Britain and its effect on the Accountancy Profession." Sir Frederick had made it clear that accountancy would not be confined within the four walls of the practitioner's office. For every young man who qualified in the future there would be two main possible openings—the practising side of the profession or industrial accountancy.

The Society's journal, *ACCOUNTANCY*, now circulated in every part of the world. He would like to see more members of the Society giving others the benefit of their experience in the form of articles. A new publication, *Accounting Research*, was being issued under the auspices of the Incorporated Accountants' Research Committee. It was intended to meet the need for a periodical devoted to advanced prospects of accounting, and to create a bridge over the borderland between economics and accountancy. The Editors hoped to draw contributors from among members of the Institute and the Association, as well as of the Society, and from outside as well as inside the United Kingdom.

Continuous discussions had been going

on with the Board of Trade over the draft Accountants Bill. The outstanding difficulty was the long list of legislation awaiting the attention of Parliament. He still hoped that the time would come when accountancy would be a statutory profession, although some considered that the Companies Act, 1948, had gone a long way towards achieving this already.

The President of the District Society, Mr. Robert E. Starkie, F.S.A.A., proposed the toast of "The Guests and Kindred Professions." A number of guests had been unable to attend owing to thick fog, and he thanked Mr. Towlson and Mr. Glazebrook particularly for filling the places of two of the speakers at short notice. Accountants were being consulted more and more on difficult problems. An important step forward in training for the profession had been the institution of an arrangement with universities, including Leeds University, under which it was possible, in 5½ years, to obtain a degree and a professional qualification.

The Vicar of Leeds (Canon A. S. Reeve), responding, expressed his appreciation of the way in which accountants helped the Church. He thought that the Society's invitation to him was an indication of their desire that there should be a close relationship between the profession and the religious life of the country.

All men of good will had been greatly disturbed by the decline in standards of honesty and truthfulness. The Christian religion must be the foundation of this country and the source of its inspiration. The accountancy profession could give a lead in this direction, for it offered a guarantee of truth.

Dr. Terry Thomas (Headmaster of Leeds Grammar School) also responded.

## SOUTH AFRICAN (NORTHERN) BRANCH

THE ANNUAL SOCIAL GATHERING OF MEMBERS and clerks was held in Johannesburg on November 16. The guests of honour were Mr. B. A. Key, F.S.A.A., Chairman of the Transvaal Society of Accountants, Mr. Maldwyn Edmund, F.S.A.A., Registrar of the Transvaal Society of Accountants, and Mr. A. P. MacLachlan, representing the Provincial Auditor. Members and clerks from the East Rand and Pretoria journeyed over for the day, and the opportunity for Johannesburg participants to meet them was greatly appreciated.

The winner of the Sir Llewellyn Anderson golf trophy was Mr. P. D. Leppan. Mr. P. K. Anderson and Mr. P. Morgan received prizes for the best rounds for the morning and afternoon respectively. The Aubrey L. Palmer cup for tennis was won by Mr. P. G. A. Troye and Mr. E. V. Hulme. Bowls were also played.

## PERSONAL NOTES

Mr. E. W. Harris, A.S.A.A., has been appointed Finance Officer to the Colchester Group Hospital Management Committee.

Mr. M. W. G. Goddard, A.S.A.A., has been appointed Finance Officer to the Hastings Group Hospital Management Committee.

Mr. Arthur W. Bond, Incorporated Accountant, is now in practice at 43, Medlicott Road, Birmingham, 11.

Mr. J. W. Pendrill, Incorporated Accountant, has commenced public practice at 62, Elm Walk, London, S.W.20.

Mr. T. Caddick, Incorporated Accountant, has commenced public practice at 8, Floatshall Road, Baguley, Northenden, Manchester.

Mr. F. J. Davies, A.S.A.A., is Finance Officer to the Bradford (B) Hospitals Management Committee.

Messrs. Viney, Price & Goodyear have opened an additional office at 22, Ryder Street, St James's, London, S.W.1. Mr. A. E. Downing will normally represent the firm at that address.

## REMOVALS

Messrs. Westlake, Clark & Co., Incorporated Accountants, have removed to 180, Wilton Road, Southampton.

Mr. T. W. Dresser, Incorporated Accountant, has removed to 2, Basinghall Square, Lower Basinghall Street, Leeds, 1. His telephone number is unchanged. Mr. Dresser is Honorary Secretary of the Incorporated Accountants' District Society of Yorkshire.

Messrs. Diamond, McCormick & Shah announce a change of address to 7, Great Queen Street, Kingsway, London, W.C.2. Telephone: Holborn 1067.

## OBITUARY

### EDWARD SAINSBURY GOULDING

We record with regret the death on November 24 of Major E. S. Goulding, O.B.E., T.D., F.S.A.A., at the age of 73, Major Goulding was senior partner in Messrs. Edward S. Golding & Co., Incorporated Accountants, Liverpool, having been in practice in Liverpool since his admission to membership of the Society in 1899. He was President of the Liverpool District Society from 1934 to 1936.

The O.B.E. and the Territorial Decoration were conferred upon him in recognition of his service in the 2nd Volunteer Battalion The King's Regiment (Liverpool). For forty-two years Major Goulding was treasurer of the County of Lancaster Rifle Association. He was a member of the Athenæum Club, of which he was President in 1940, and of the Constitutional Club.



en  
ter  
ee.  
tas  
he  
nt

ed  
3.

ed  
c-

n-  
8,  
n,

ce  
la

ve  
er  
r.  
at

r-  
o,

n-  
e,  
is  
r.  
r-  
of

h  
at  
2.

-  
r  
d  
n  
n  
e  
t

-  
n  
r  
s  
e  
t  
l